

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

SEPTEMBER 1953

Pre-Convention
Outlook Issue

*Including
Convention
Section*

Better
Outlook for
Bank Earnings
(page 35)

◀
"Guardianship"
(see page 3)



When success depends on safety



It takes special safeguards—plus experience—to scale a mountain.

And—to insure the successful outcome of a loan—certain precautions must be taken.

For example: When a loan is secured by actual inventory of the borrower—and field warehoused by Douglas-Guardian—the bank has two-fold security for the money it advances. Its loan is backed by the merchandise of the customer and by our field warehouse receipts.

To arrange bank loans secured by inventory—without moving that inventory from the borrower's premises—consult our nearest office.

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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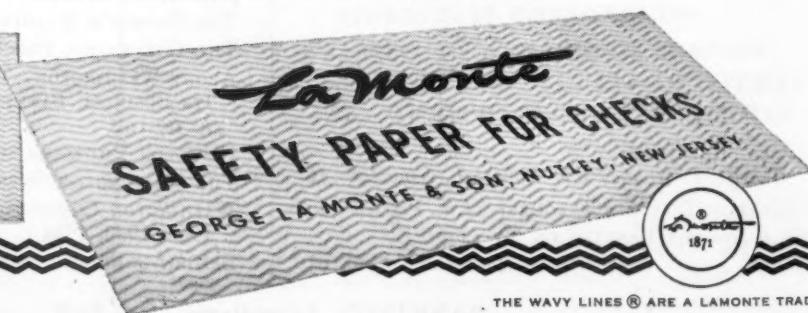


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All his bills paid by check . . . so simple . . . so safe! And now he's reaping his "bonus" in relaxation and a feeling of prestige. The prestige element was given to him by his bank, which provided him with checks lithographed on La Monte Safety Paper. Checks on these fine papers cannot fail to impress those to whom they are directed. This fact can be a powerful service asset and thousands of bankers have explored its possibilities with marked success. Your lithographer can show you samples or we will gladly send them direct.

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THE WAVY LINES ® ARE A LAMONTE TRADE-MARK

Just a Minute

Washington!

FOR the first time since 1934, the national capital is this year the scene of the American Bankers Association convention. The dates, we hardly need mention, are September 20-23.

President W. HAROLD BRENTON and Vice-president EVERETT D. REESE have prepared a memorable program for the 79th annual meeting—one that is quite worthy of a city accustomed to big names and great events. The general and divisional sessions will hear prominent speakers discuss banking and American and world affairs. There'll be opportunities for sight-seeing, too—a chance to renew your acquaintance with scenes that have made Wash-

ington perhaps the most-pictured city in the country.

A glimpse of what's in store for the delegates is offered in this Pre-Convention Outlook Issue of **BANKING**: a special 48-page section brings you information about the program and the capital itself. We're particularly proud of the color photographs, published through the courtesy of the *National Geographic Magazine*.

One of the stories takes you to the Treasury, the Bureau of Engraving and Printing, and the Federal Reserve building—places that symbolize "the banker's Washington." You'll find miscellaneous facts about Washington in other articles, and pictures of the men who have headed the Association's many com-



"Don't tell me—I just know that's the Capitol!"

missions, councils, and committees during President Brenton's administration. There's also a report on what's new in bank equipment and services.

Outlooks

By way of outlook, we conclude the
(CONTINUED ON PAGE 5)



(C) NGS COURTESY NATIONAL GEOGRAPHIC MAGAZINE

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

THIS MONTH'S COVER

"Guardianship" stands at the entrance of the National Archives in Washington. On the base of the statue are the words of Wendell Phillips: "Eternal vigilance is the price of liberty." (The color photo of the Capitol, appearing in the insert preceding page 169, is also printed through the courtesy of the *National Geographic Magazine*)

The Staff

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|---|---|
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YOU CAN'T PAY A DIVIDEND WITHOUT A MARKET

Dividend notices make good reading. They reflect profitable operation in which good management, plants and equipment play an important part. But, before you can make a profit, someone has to buy the product. And, in order to sell the product, it must have a market.

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sales costs. And dollars saved on selling costs contribute just as much to the profit picture as those saved on production.

If you have a financial interest or responsibility in an industrial company, check to see whether the management is using adequate Business Publication Advertising to build and protect its markets.

* * *

Would you like a copy of "Joe Phares Built a Machine"? In this entertaining story with a moral, a banker gives some sound advice. We have a feeling that after you've read it, you may want some copies for your friends. For your free copy, address your request to Company Promotion Department.



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330 WEST 42nd STREET, NEW YORK 36, N. Y.



HEADQUARTERS FOR BUSINESS INFORMATION

(CONTINUED FROM PAGE 3)

presentation, begun last month, of bank economists' opinions on this basic question: "Do we have the economic tools and experience today to assure that there will be no serious depression?"

And JAMES W. WOOSTER, JR., a frequent contributor, writes the analytical "Better Outlook for Bank Earnings." He finds that "after many years of subnormal earning power, there are indications that the banking business may be headed for a more nearly adequate rate of return on invested capital." Events pointing in that direction, he says, are the enlarged loan account, a level of interest rates "more nearly in line with the forces of supply and demand," and "evidence of a good control over operating expenses."

However, banks' ability to take advantage of improved conditions "will be determined largely by the ability and hard work of bankers themselves."

Convention City Banks

WASHINGTON has two banks that left town in a hurry when the British army entered the city in the summer of 1814.

One is The National Bank of Washington, which opened for business as the Bank of Washington on December 1, 1809. It's the oldest bank in the capital. The other is the National Metropolitan Bank, established a few months before the British visitation. Both returned to their homes soon after the fire that

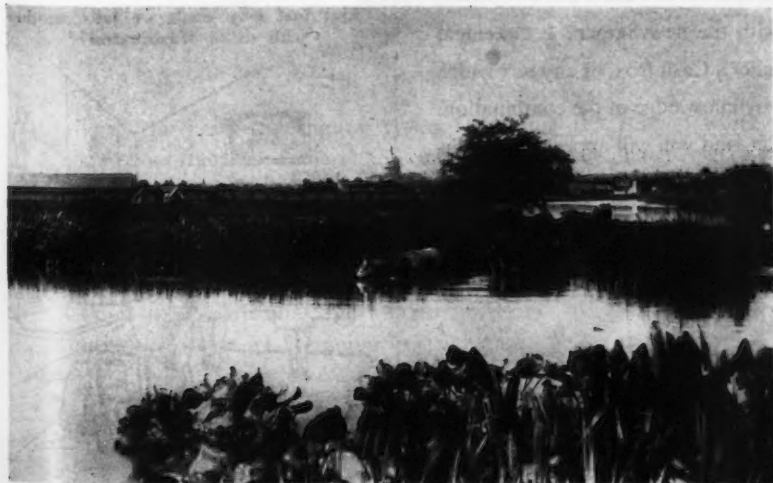
burned the White House and the Treasury; and both helped the Government finance the reconstruction of the damage done by the fire.

The Riggs National Bank also has a long history. It occupies the site of the Second Bank of the United States which for some time employed William W. Corcoran who in 1840, with George Washington Riggs, Jr., as his partner, started a bank of deposit, Corcoran and Riggs. In 1896 it was converted into a national bank. In 1928 consolidation with the venerable Farmers and Mechanics National Bank of Georgetown gave the Riggs a history going back to 1814. Its present chairman and president is Robert V. Fleming, a former president of the American Bankers Association.

The American Security and Trust Company has the distinction of being the only bank depicted on United States currency—its main building shows in the view on the back of the \$10 Federal Reserve Note. First chartered under Virginia law in early December 1889, it has had only four presidents. The incumbent is Daniel W. Bell, former Under Secretary of the Treasury.

The Hamilton National Bank, headed by Wilmer J. Waller, a former treasurer of the American Bankers Association, opened on September 25, 1933. Two years later it made the first loan for property improvement under Title I of the National Housing Act and was recently awarded a citation by the District of Columbia Department of the American Legion for outstand-

All seems to be quiet along the Potomac in this unusual photograph of Washington, made about 1865, shortly after completion of the Capitol dome



NATIONAL ARCHIVES

Our finger's on the pulse...

The main traffic arteries of the Delaware Valley are surging with the flow of incoming business and industry.

We at Central-Penn have kept our finger on the pulse of progress since its beginning, measuring and recording each new movement.

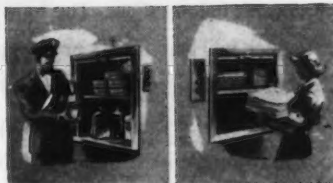
If your client should come into this area, why not get in touch with us? Both of you can benefit from banking experience gained by our more than 120 years in Philadelphia.

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Today — every bank needs a lift

All banks can profit by Sedgwick Coin Lifts and Correspondence Lifts.



Many banks need Sedgwick Food Lifts or Sedgwick Sidewalk Elevators.

Most banks can improve the value of residential property, in which they or their clients are interested, with Sedgwick Residence Elevators or Stair Travelors.

Every bank is impressed by Sedgwick's 60 year record of safe, economical equipment performance.

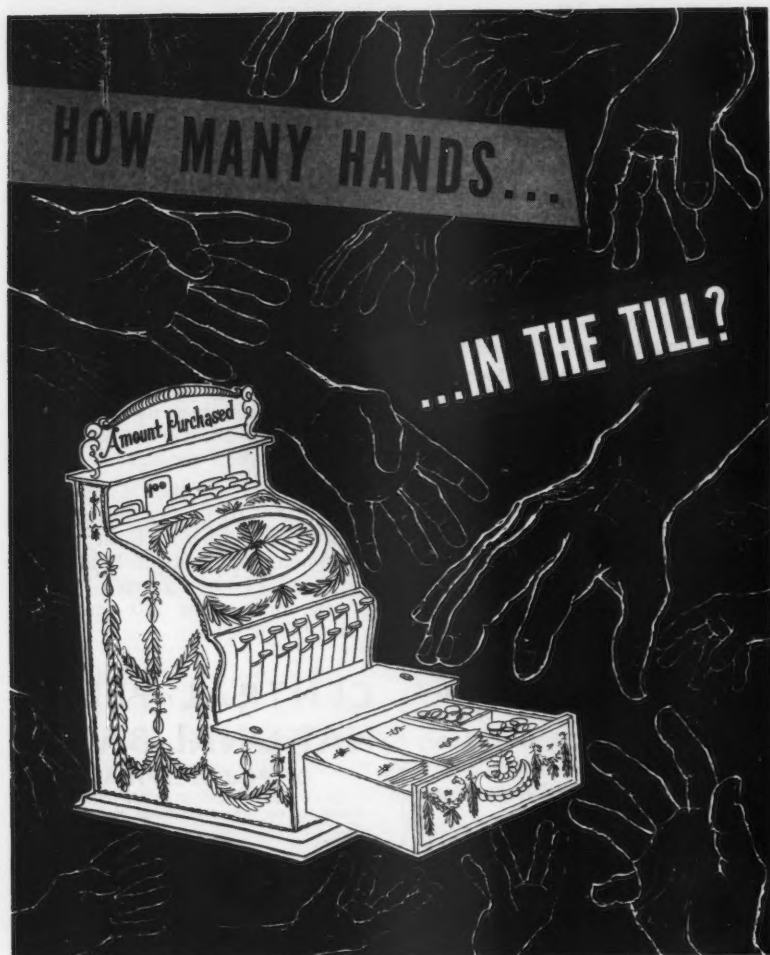


For complete information, address Dept. B-7

Sedgwick MACHINE WORKS

134 WEST 13TH ST., NEW YORK 11, N. Y.

Specialists in Vertical Transportation Since 1893



YOU know which hand belongs "in the till"—your concern is with the hand that doesn't belong there. The banker can never afford to let a weak spot exist which will lead to loss or to misdirected suspicion against the integrity of any of the bank's employees.

The Teller's Cash Box, for example, is a point at which the hand of the crook may aim. With ordinary combination locks this chest can be opened, leaving no evidence. When equipped with the new Sargent & Greenleaf MP (Manipulation Proof) Lock, The Teller's Cash Box, or any box which contains valuables—can be opened only by knowledge of the combination.

Your employees deserve the protection, and you will appreciate the increased sense of security, which use of the Sargent & Greenleaf MP Lock on Money Chests will give. For more information, write for free booklet: "And Not A Clue."



SARGENT & GREENLEAF, INC. ROCHESTER 21, N. Y.

ing service in loans to veterans. In the past year it received the Washington Board of Trade award for its radio program "I Was a Communist for the F.B.I." President Waller is now a member of the executive committee of the A.B.A. Committee on Federal Legislation.

The Munsey Trust Company, dating from 1913, bears the name of its first president, Frank A. Munsey, publisher of the *Washington Times* and other papers. When Mr. Munsey died in 1922 he was succeeded in the bank's presidency by his executor, William T. Dewart, owner of the *New York Sun*.

Famous Depositors

NATURALLY, many famous people have had accounts with the Washington banks. The National Bank of Washington, for example, lists Daniel Webster, Francis Scott Key, Henry Clay, James Monroe, and Supreme Court Justice Bushrod Washington, a nephew of the President, among its eminent customers. Seventeen Presidents have kept accounts with the Riggs. President Truman had one at the Hamilton.

Several of the older banks have valuable, interesting collections of Americana relating to the city and its historic personages. The Riggs' papers include memorabilia of Abraham Lincoln, among other treasures.

A Helpful Roundtable

BANKING's "An Executive Training Roundtable," August issue, caught the eye of one of the country's largest industrial companies which

(CONTINUED ON PAGE 11)

"And just why can't we take mother with us to Washington?"



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*"Can you
count up to
2¼ million?"*



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That's an impressive figure, young lady, and mighty important to fathers and mothers and brothers and sisters on farms.

For 2¼ million is the number of telephones the Bell System has added in rural areas in the eight years since World War II.

It's a lot of telephones, but we're not stopping there. More and more are going in every day.

And while we've been adding all these telephones, service has been getting better too. The number of parties on many rural telephone lines has been reduced and there have been much appreciated improvements in party line ringing.

In rural areas, as well as in cities and towns, we're keeping right on improving the quality and quantity of telephone service.

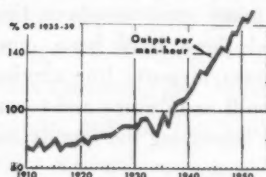
BELL TELEPHONE SYSTEM



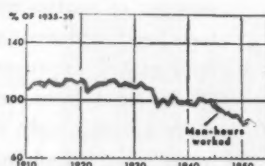


Farm machinery has doubled the economy

Remember the grain-threshing crews of a few years back? When 8 to 12 strong-backed men labored from dawn to dusk loading shocks on wagons, and hauling them to the threshing machine, where still other men oiled and regulated the machine and hauled the grain away? Today, *one* man drives a combine like an MM Self-Propelled Harvester through the field. As he drives, the Harvester cuts the grain, threshes it, and unloads it into a truck. In just *one* day, this Harvester saves more than enough manpower to manufacture a refrigerator. It is this tremendous saving in work-power that has made *your* modern conveniences possible.



Farm Production UP!
In 40 years, output of the nation's farms has nearly doubled.



Farm Manhours DOWN!
Manhours worked on farms have *dropped* 17% in the past 15 years.



Ever see one of these gadgets?

That is a husker's hook. It took a real athlete to handle one. In one smooth motion, the husker would grab an ear of corn, snap it off the stalk, and deftly shuck the ear. Know what they do today? A mechanical corn picker, like one of the MM Huskors, buzzes through a corn field and does more work in a day than 25 men with husker's hooks could handle.

Spark-plug of farm progress . . . the farm equipment dealer

Key man in farm mechanization is the local farm equipment dealer. His machinery knowhow, his facilities for sales and service, his vision and enthusiasm, make his place of business local headquarters for farmers seeking better methods of farming. A rural community can boast no greater asset than a progress-minded farm equipment dealer.

mean that **FARM MACHINERY** made my new kitchen possible?

There's just no doubt about it, madam! If it weren't for farm machinery, you'd *never* have your new kitchen. You couldn't possibly have your gleaming new range, your washer, your electric mixer, or *any* of the conveniences that make your day so much easier, so *much* more pleasant. Here's what tractors, and harvesters, and corn pickers have done for you.

What farm machines have done for the farm wife

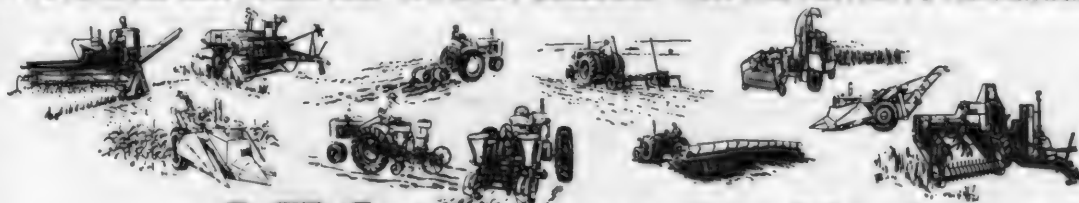
When threshing time came a few years back, the farm wife toiled early and late in her steaming kitchen, cooking mighty meals for the hungry threshers. And all year 'round, the farmer's wife pitched in to do farm chores her husband didn't have time for. The modern farmer, with time gained by machinery, does these chores himself, leaving his wife free to keep house. And even housework is far easier for today's farm wife, thanks to the city-style conveniences she now enjoys.

Why farming is called the one basic industry

In colonial days, 85 farm workers produced just enough food for themselves and 15 non-farm workers. Today, 15 farmers produce for both themselves and 85 others. With modern machinery on our farms, fewer people produce food, and more people produce cars, TV sets, radios, and kitchen appliances. Thus, farm machinery helps us all enjoy a better life. And do you know who makes that farm machinery produce? The American farmer! Minneapolis-Moline calls him the American Farmer-Businessman.



MM MACHINES LIKE THESE ARE "KITCHEN-BUILDERS" FOR THE NATION'S HOMEMAKERS



MINNEAPOLIS-MOLINE
MINNEAPOLIS 1, MINNESOTA

TODAY'S BIGGEST OPPORTUNITY IN THE HOME LOAN FIELD...

Visit National Homes' New 1954 "PACEMAKER" Open House Nearest You...and Compare!

NATION-WIDE SHOWING STARTS OCT. 3rd

Soon you will have an opportunity to compare the all-new 1954 "PACEMAKERS" by National Homes with the houses on which you now make loans. Check variety, beauty, value! You'll see the lowest cost home, feature for feature, in this new line, that National Homes has ever built. See for yourself why National Homes mortgages are sound investments. Save the date . . . October 3rd . . . and inspect the house that will set the pace for 1954, National Homes' all-new "PACEMAKER!"

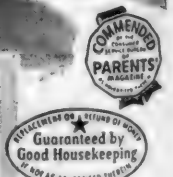


More than 50,000 National homes are now being lived in . . . a fact which attests the public acceptance accorded these wonderful home values. This acceptance is also the reason why National Homes' new "Pacemakers" afford you today's best opportunity in sound investments.

BETTER HOMES BUILD A BETTER AMERICA

National
HOMES®

NATIONAL HOMES CORPORATION
LAFAYETTE, INDIANA • HORSEHEADS, N. Y.



National Homes' prefabricated panels and structural parts as they leave the assembly plant carry the Good Housekeeping guarantee seal and the Parents' Magazine seal of commendation as advertised therein.

(CONTINUED FROM PAGE 6)

is reprinting it for distribution among the presidents and vice-presidents of the affiliated companies and the department managers in New York headquarters.

The Roundtable reconvenes this month so that the experts can discuss two questions of particular interest to the American Institute of Banking. There wasn't room for these in the panel's first session.

Ragged Dollars

THE Treasury says there's no good reason why every ragged dollar bill spotted by a bank anywhere as being unfit for further circulation should be shipped to Washington for verification and destruction. The department explains:

"Hereafter, a billion and a quarter pieces a year of worn-out United States paper currency—making, if laid flat, a stack as high as 900 Washington Monuments—previously bundled up and sent to Washington will be verified and destroyed locally by the Federal Reserve banks at substantial savings to the Government. Reduced shipping costs alone are expected to result in savings of about \$200,000.

"Each Federal Reserve bank, acting as fiscal agent for the Treasury Department, will cancel and destroy accumulations of worn-out currency

after verification of the amounts and genuineness. Destruction will be by shredding and burning. Only small working forces will be required.

"The Federal Reserve banks will follow operating procedures provided by the Treasury in verifying and destroying the unfit currency. As an additional security measure, general auditors of the Federal Reserve banks will audit the currency verification units at frequent intervals.

"The new plan applies to silver certificates and United States notes, of which about 1,250,000,000 unfit pieces were received at Washington from all over the country during the fiscal year 1952. The Treasury will continue for the time being to retire and destroy all worn-out Federal Reserve currency, of which about 350,000,000 pieces were received in fiscal 1952.

"In numbers of pieces one dollar bills make up the bulk of the currency which has to be retired because of unfitness. The \$1 bills last about 10 months as a rule, and more than a billion of them are in circulation. Higher denomination bills last much longer."

Explosive

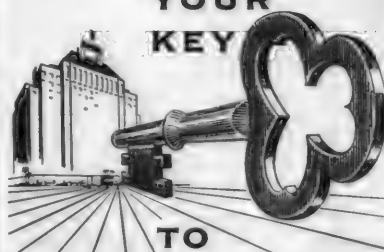
ASSOCIATED PRESS dispatch from Boston:

A treasured possession of The Willard in Washington is the original of this drawing by Thomas Nast, the famous cartoonist, who dated it February 13, 1861. The scene is "Gentlemen's bar, Willard's Hotel, Washington, During the Inauguration Week." (Is that the incoming President, A. Lincoln, sitting in the chair at the lower right?)



September 1953

HERE'S
YOUR
KEY



TO
The Shamrock

AND A
WELCOME
WIDE
AS TEXAS

Special week-end
rates for rooms.

The Shamrock

HOUSTON

GLENN McCARTHY, President
FRANK H. BRIGGS, V. P. and Gen. Mgr.

*The banker
wants to know—*

about the contingent liability created by wide differences between original and replacement costs—the effect on balance sheet, profit and loss, and insurance. American Appraisal Service furnishes the answer.

The **AMERICAN
APPRAISAL**

 **Company**

Over Fifty Years of Service

OFFICES IN PRINCIPAL CITIES

for QUICK
ACCURATE
HANDLING
of LOOSE
COINS...



THE DOWNEY CHANGE TRAY

Tray holds 10 coins each of pennies, nickels, dimes, quarters, halves, in each of 68 staggered pockets for quick accessibility and handling. Figures on border designate denominations of coins in pockets. Style No. 1 mounted on pedestal. Style No. 2 fitted with rubber bumpers for counter use. Style No. 3 mounted on short legs, arranged for nesting with other trays. Tray is 12 3/4" x 9". A time saver.

TWICE THE LEVERAGE
HALF THE WEIGHT!



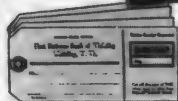
MEETS APPROVED
REQUIREMENTS...

User, with one hand, may attach cord and pull until Seal Pin is forced through the folds of the canvas coin bag. Weighs only 17 ozs. ... half the average of other Seal Presses ... but with twice the leverage!

PURE LEAD SEALS

"Steel Strong" Lead Seals used with the above Press, are pure, non-porous lead that will not crack or break. Cord in Seal has a tensile strength of 130 lbs. Fitted with hemp cord and pin. Seals packed in bundles of 50, all same size; pins in varying length.

STEEL-STRONG



LINEN
SHIPPING
TAGS

THEY'RE STRONGER BY TEST

They "deliver the goods." Made of 8-point weight, size 2 3/4 x 6 1/2 in. with "register" stub. Style No. 2 same size but with blank stub for desired copy. Style No. 3, size 2 3/4 x 4 1/2 in. without stub. Reinforced eyelet extends to end of tag. Printed in red and black. Bank imprint included in price.

SEE YOUR DEALER
The C. L. DOWNEY CO.
HANNIBAL, MO.

"Bank officials were astounded when they discovered what a Boston spinster had stored in a safe deposit vault. They found live ammunition—grenades, rifle cartridges, primers for big artillery shells—parachute flares, American and foreign gas masks, plus some empty shell cases and barbed wire.

"They were sentimental souvenirs, saved by Miss Sarah Battelle since she was a Y.M.C.A. worker in World War I. Miss Battelle died several weeks ago and State Street Trust officials disclosed today that they found the mementos when they began to settle her estate. The explosives were turned over to the police."

Egg Shells and Blow Torches

FROM *The Proof Machine*, published by International Business Machines Corporation:

"Checks, according to the experts, were used in one form or another as far back as the 7th and 9th centuries, B. C., but the world had to wait until this decade for a check to be written on the shell of a hard-boiled egg! Properly endorsed, it was cashed with no trouble for its full amount at the Victoria branch of the Canadian Bank of Commerce.

"Here in the U.S.A., checks have been written in lipstick on a handkerchief, on cigarette paper, on calling cards, envelopes, fragile valentines, and even on steel plate so tough that it had to be endorsed



"That's because if you want a loan on your car you drive it up here so they can look it over"

with a blowtorch. Perhaps to encourage more normal checkwriting habits, banks have gone so far as to provide left-handed checkbooks for their southpaw customers.

"According to estimates, 6-billion* checks, normal or egg-shaped, left-handed or right-handed, are written each year in the United States—that's almost 20,000,000 a day—and since these checks cover 90 percent of all the exchange of money in the country, one is bound to enter your life whether or not you write checks yourself."

* 7,900,000,000, according to the Joint Committee on Check Collection Study (BANKING, April 1953.)

"One bedroom at Willard's during the Presidential Inauguration" is the caption to this sketch by Nast, also in the hotel's collection. (Let's hope Washington isn't quite so crowded during the 1953 A.B.A. convention!)





Gulf Periodic Service provides expert assistance in the selection of the most suitable cutting and quenching oils for all types of gears.



Many leading defense plants rely on Gulf Periodic Consultation Service for help on any problem that involves a petroleum product.

... quality goes up, costs go down, when **PETROLEUM SCIENCE ENTERS THE PICTURE**

Take, for example, the manufacturing of gears . . .

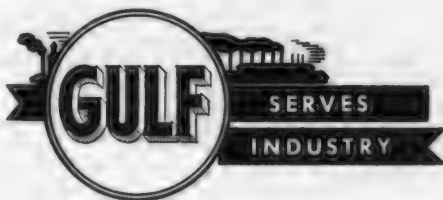
Petroleum science means far more than just lubrication of the machine tools. Its scope takes in the selection of cutting and quenching oils . . . rust preventives . . . even wax wrappers for protection of the gears during shipment.

Obviously, the average company can't keep pace with all the developments in this complex fast-moving field.

That's why Gulf, years ago, originated the idea of a *complete* advisory service to promote the most efficient use, not just of lubricants but of *all* petroleum products. Called Gulf Periodic Consultation Service, this

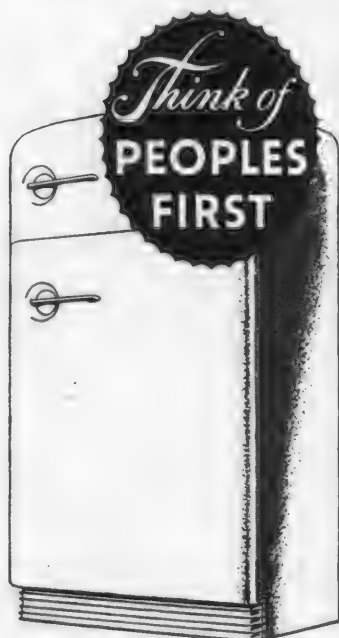
cooperative plan has been adopted by hundreds of manufacturing plants.

Through this concept of *complete* service in the field of petroleum science, Gulf has grown by helping its customers to grow.



GULF OIL CORPORATION • GULF REFINING COMPANY • GENERAL OFFICES, PITTSBURGH, PA.

*When you
think of
money at work*



Home refrigeration is another great market that consumer financing has helped grow. According to latest estimates, 65% of the refrigerators sold in 1952 were financed through installment credit plans. This is another way money at work contributes to the high level of our economic life.

Peoples First National plays a vital part in consumer credit throughout the Pittsburgh market. For example, Peoples Time Plan helped 56,465 people buy refrigerators and other consumer purchases last year.

Peoples First National has acquired extensive experience in the home appliance field. This knowledge and our widespread contacts with manufacturers are frequently of value to Correspondents. If you're considering a Pittsburgh Correspondent, we will welcome the opportunity of presenting the facts about our comprehensive services.

**PEOPLES FIRST
NATIONAL**
BANK & TRUST COMPANY
Correspondent Bank Department
P. O. Box 506, Pittsburgh 30, Pa.
Member Bank Wire



It was after banking hours, but a few members of the staff were still busily working when the telephone rang and the bank's operator asked the assistant cashier to talk to a customer.

At once she recognized the halting voice as that of one Jim, a familiar figure on the streets of the town, popularly reputed to "have not quite all his marbles," but well liked because of his good nature and constant grin. Jim didn't do any banking business and she wondered what he could be calling about. When he said that he wanted to buy some travelers' checks, she nearly fell off her chair, because his chronic insolvency was such that he seldom had more than small change in his pockets. She told him that the bank was closed, but if he would come in the next morning she would be glad to sell the checks to him.

But Jim wouldn't have it that way. In his rambling stutter he told her that he couldn't come tomorrow. He lived out in the country and when he had heard on the radio about the bank's travelers' checks he had walked all the way into town, and he just couldn't do it again tomorrow.

"Well," thought the assistant cashier, "if Jim really wants to buy some travelers' checks, I'll let him in and sell them to him now before he spends his cash for something else." She wondered where on earth he was going. She told him to come to the side door of the bank and knock and she would let him in and wait on him. In a few minutes Jim was beside her desk, grinning from ear to ear.

"How many travelers' checks do you want, Jim?" she asked.

"Well, I don't 'xactly know," stammered Jim. "What would it cost for \$500 worth?"

The young lady almost fainted, but she said, "Well, at 75 cents per \$100, the charge would be \$3.75."

"That's right — that's right!" stuttered Jim. "That's what me and Hank Pepper down at the store figured. I had him work it out for me. They said on the radio 75 cents per \$100, so \$500 would be five times 75 cents, Hank said, and that's \$3.75."

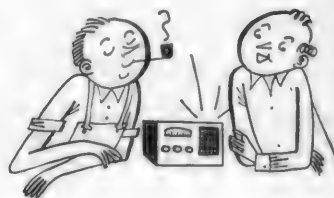


He opened his tightly closed fist and deposited four very much crumpled dollar bills on her desk.

"That's fine, Jim," smiled the officer, "and now, where's the \$500?"

"Why, they said on the radio they only cost 75 cents for every \$100," expostulated Jim, "and there's the money—you just take it out of that four dollars I just gave you."

"But the \$3.75 is for the fee," explained the assistant cashier. "Of course you have to pay the money, too!"



"They didn't say nothing like that on the radio," argued Jim, for the time being losing his happy grin. "Just 75 cents per \$100!" He couldn't take it in. He kept reiterating that "that's what they said on the radio" even as he went out the door without the travelers' checks.

Poor Jim! He might not be going anywhere and he might not have his proper complement of gray matter, but he was smart enough to figure that buying \$500 worth of something for \$3.75 was a good investment!

BELLE S. HAMILTON

BANKING



This is the profile of a bank

MOST OF THE TIME marble and steel disguise it. But after a visit or two to *any* bank you begin to see its true profile.

It may be the face of a teller, a file clerk, a loan officer or—the president. Whoever it is, this much is certain—the profile of a bank is always the *face* of the man or woman in the bank you know best.

Why?

Because banks are people. Tellers' cages, vaults, iron gates—all the familiar symbols of banks—are nothing more than tools used by

human hands to get the job done.

Yes—banks are people. More to the point, they are conscientious professionals who see banking as a career rather than just another way to earn a living.

To Mr. and Mrs. America this says, "Your money (along with your country's financial tradition) is in good hands."

It also means that the business of putting money to work—banking's basic function—is administered by responsible professionals with a keen sense of trade competition, and a

highly developed awareness of customer service.

These people *are* America's banks. Bank buildings, however simple or ornate, are only their workshops. It is their *humanness* that transforms facades of marble and steel into faces of friendliness and warmth.

Chase National Bank is proud of the part it is playing in American progress.

* * *

The CHASE National Bank
OF THE CITY OF NEW YORK
(Member Federal Deposit Insurance Corporation)

Your Press Relations

On this page each month members of the working press talk over a practical question on bank press relations. Send us **YOUR** question. We'll submit it to an expert or two and you'll get the answer here. Your name and the bank's will be withheld if you so desire.

QUESTION

Our bank is in a city that has two newspapers—morning and afternoon—under different ownership. How can we divide our releases so that each will get an even break?

GEORGE A. MOONEY, bank editor, *The New York Times*

THERE can be no firm answer to this question—it depends. As a general rule, however, the bank should make the same careful effort to be fair that it applies in dealing with its own competing customers.

Usually this means that in issuing its news releases the bank should "divide" the exclusiveness, alternating between the two competing newspapers. On the other hand, neither newspaper is likely to appreciate an arrangement like the well-known "fifty-fifty hamburger"—composed of one horse and one rabbit. When one paper is given an important story the other must be given one of equal importance at the earliest opportunity. At least it is the bank's responsibility to assure the neglected newspaper that it is determined to be fair.

Routine releases, of course, can be staggered back and forth. In fact, such "news" items are not likely to cause any difficulty, however issued, since newspapers often run them

only as a courtesy or as fillers. But where the news is of an important nature, the bank should be careful to maintain an even balance. One possibility where there is a major news break would be to supply the second newspaper with additional important information sufficient to provide a fresh lead.

Thus, in the case of a merger story for example, the newspaper which gets the story first could be either the one that got hold of it independently or the one whose deadline coincided with the actual "break" in the news. A true break, of course, means that the news of the merger was already leaking out in some way; the bank would be forced to act promptly in its own best interest, and hence the decision as to which newspaper would be out of its hands.

And the bank officer in charge of issuing releases must be able to evaluate them in terms not only of their publicity value to the bank, but also in terms of their actual news worth, and then in terms of the editorial requirements of the local newspapers. Thus, generally speaking, morning newspapers devote more space to financial news, providing more detailed coverage than the evening newspapers which are frequently more interested in the "feature" type of financial story. Furthermore, from the bank's own selfish point of view, there is the matter of circulation. One newspaper in the community may be big and powerful with a large circulation; the other, small and struggling. Also to be considered is the type of circulation. It does not follow nec-

essarily that the larger newspaper is serving the kind of readers most likely to be interested in bank news except of the sensational kind.

Once again, however, it should be remembered that the problem, like all others in the field of press relations, is more easily solved, if it can be, by continuing personal relations with the individual newspaper representatives concerned. The newspaperman undoubtedly understands the situation as between the two newspapers better than does the banker. After all, it's his job.

ROBERT L. SANDIFER, assistant financial editor, *Los Angeles Times*.

THE question of dividing news releases to give equal breaks to both morning and afternoon newspapers is one that has been debated for years, and will continue to be argued (by newspapermen at least) for many years to come. The answer is that it is impractical.

A common sense policy would dictate that any important news story
(CONTINUED ON PAGE 18)

Mr. Mooney



Mr. Sandifer



Now some of your customers earn \$3,000 more each year

furrows to a BIGGER FUTURE

Conservation farming is a way to make more money

In a nation-wide survey of nearly 2,000 farmers in soil conservation districts, more than 1,000 of them reported cash benefits from the new program. These top conservation farms averaged \$3,000 additional income each year.

When you see implements like this Allis-Chalmers two-way spinner plow at work, take a second look. It means another farm equipment customer on the way to high-yield farming . . . to increased and steadier income through right handling of soil and water.

For example, this one simple, low-cost plow eliminates a great many dead-furrow and back-furrow problems. As shown below, it is the key to proper maintenance of terraced cropland. And even better known is its importance in keeping fields smooth for irrigation, for surface drainage and for easier farming. On hillsides, the two-way plow permits turning all furrow slices up-hill to combat the gradual downward movement of the soil and to hold more rainfall on the slopes.

Ask the farmers of your local soil conservation district what the program means to them . . . how it brings cash in the bank, *now*, as well as assurance for the future.

Soil conservation farming nearly always brings the kind of added income that makes good farm credit risks.

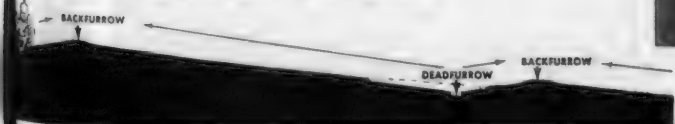


THE TERRACE MAINTENANCE PROBLEM



Dead furrows between terraces lead to the development of a bench above the water channel. Two-way plowing is the only way to turn the soil, year after year, in terraced fields yet preserve uniform slope and drainage. With the two-way plow, the terrace ridge is maintained and the channel kept open, with no dead furrows on the slope between

THE TWO-WAY PLOW ANSWER



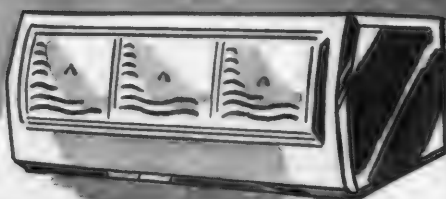
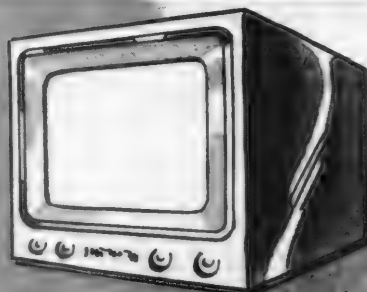
Listen to The National Farm
and Home Hour — NBC
— Every Saturday

ALLIS-CHALMERS
TRACTOR DIVISION — MILWAUKEE 1, U. S. A.

Capital tied up in inventory?



USE FIELD WAREHOUSING



FOR LARGER LOANS

Marketable assets stored on the manufacturer's or distributor's own premises can be collateralized by field warehouse receipts to enable you to lend safely in excess of open line limits. On loans of this type, it is of the utmost importance to have exact knowledge of the quantity, age, value and rate of movement of the inventory. New York Terminal Field Warehousing service provides this complete inventory control. Our experience is extensive—our integrity established—our service is a quality service, complete, economical and safe.

This could be the solution to some of your loan account problems. A call will bring a qualified representative, without obligation, to give you additional information or assist you in reviewing any inventory situation. Use New York Terminal Warehouse Receipts—they enable you to extend maximum credit with minimum risk.

NEW YORK TERMINAL WAREHOUSE



25 South William St., N. Y. 4, N. Y.

OPERATING OFFICES IN PRINCIPAL CITIES

(CONTINUED FROM PAGE 16)

be released to all newspapers as soon as possible, regardless of the time of day. As most banking news results from the action of directors, committees, or banking organizations, and, as these meetings usually are held in the afternoon, and mostly after banking hours, any news they might develop is too late for the afternoon papers.

On the other hand, news releases on earnings, economic studies, etc., where the release time can be controlled, will fare better as morning releases. The reason is simple. A story that runs all day in the afternoon paper is old news for the morning paper of the following day. On the other hand, a story in this morning's paper is not old for the PMs of that same day.

The main thing is not when to release news, but to be sure that it is released.

Good stockholder and public relations are improved by frank and open discussion and analysis of operations and conditions for banks as well as for other types of publicly owned corporations. The real essential is that the story be told in a manner that is understood by everyone.

Figures speak louder than words, and today's business page readers better understand progress as shown by figures than by statements of generalities made by an official of the bank.

For years, Los Angeles banks followed the latter policy. In recent years they have learned the value of good reporting of their earnings, condition statements, etc.

Today their securities are held in high regard by investors, no small measure of which is due to the fact the investor is better acquainted with the facts about local banks through news stories in the daily newspapers.

Men seek success to make money to pay expenses they wouldn't have if they weren't successful.

Courage is the quality virtue needs when it is put to the test.

The choice that has faced Uncle Sam abroad is whether to be busted as a Shylock or busted as a Santa Claus.



when
Texans
talk about
banks...



All photos show the Midland National Bank,
Midland, Texas

they've got something to talk about!

Texas today has some of the most modern and most efficient banking quarters in America. The phenomenal growth of this great state has become a national legend. Industrial, agricultural and population expansion has brought about an acute need for new facilities in service institutions. Midland National's handsome new quarters are an outstanding example of how progressive Texas bankers are "facing-up" to this need. Engineered to provide smooth daily routine, to step-up customer service and increase employee productivity . . . this modern bank is designed to offer better service at a greater profit for its stockholders.



During the past five years, Bank Building Corporation has worked with over 40 banks in the state of Texas alone! Our forty years experience in this highly specialized field of architecture and building has given us unequalled knowledge of what constitutes sound banking operation. We are equipped to handle *any phase or all* of your modernization. Large or small, *your* project will be engineered by America's finest team of bank building specialists.

Bank Building Corporation
OF AMERICA

Headquarters: ST. LOUIS, One & Twenty Streets
 Offices for NEW YORK, 102 Park Avenue • ATLANTA, Western Union Bldg. • SAN FRANCISCO, McLaughlin's Insurance Bldg.
 Operating units throughout U. S. are BANK BUILDING CORPORATION, INTERNATIONAL

Heard Along Main S

This department is compiled by THEODORE FISCHER of BANKING'S staff.

"Oldest" Merger Planned

A MERGER now in process is to bring together Indiana's oldest trust company and Indianapolis's oldest national bank. They are the MERCHANTS NATIONAL BANK OF INDIANAPOLIS and the INDIANA TRUST COMPANY, with combined assets in excess of \$190-million.

Final terms are subject to all the necessary approvals, but it is contemplated that the merged institution should be known as Merchants National Bank & Trust Company of Indianapolis, second largest bank in the city and state.

Bryant College, Providence, Rhode Island, in conferring the honorary degree of Doctor of Science in Business Administration upon MRS. IVY BAKER PRIEST, Treasurer of the United States, put these words into the citation: "Your name on a piece



John J. Clarke



Todd G. Tiebout



Mrs. John Knox



Lester Johnson

of green paper is the most sought-after autograph in the world."

TODD G. TIEBOUT has been appointed vice-president and general counsel of the Federal Reserve Bank of New York. JOHN J. CLARKE becomes assistant general counsel; ARTHUR H. WILLIS succeeds Mr. CLARKE as secretary; GREGORY O'KEEFE becomes assistant secretary and continues as assistant counsel. MR. TIEBOUT succeeds WALTER S. LOGAN, who resigned to resume private law practice.

Immediate construction of a \$587,000 addition to the head office of

the FIRST NATIONAL BANK OF NEVADA, Reno, has been announced by President E. J. Questa.

MRS. JOHN S. KNOX, recently named assistant vice-president of the Citizens & Southern National Bank, Atlanta, is the first woman elected to the staff officer group of the bank. As director of community activities and women's banking, she will act in an advisory capacity to the bank's 20 branches in 12 Georgia communities.

LESTER B. JOHNSON, advertising manager of the American Trust Company, San Francisco, has been named assistant vice-president and advertising manager.

Work has started on modernizing the first-floor main banking quarters of the FIRST NATIONAL BANK IN DALLAS. This will give the main banking room a completely new appearance and increase the lobby area by about 50 percent. Teller windows will be increased by 12, making a block-long line of receiving and paying windows.

CENTRAL NATIONAL BANK of Cleveland has opened its new Brookpark-Pearl office which includes three auto-teller windows.

A recent issue of the *Marquette Memo*, published by Marquette University, Milwaukee, featured an article, "New Frontiers," written by GEORGE V. CHRISTIE, vice-president of the First National Bank of Arizona. "Though there are no longer

The two boys at the right are Ilkka Pohjancimo and Matti Riisalo, visitors to this country from Finland at the invitation of Junior Achievement. Here they are on a tour of Mercantile Trust Company, St. Louis. At left is their St. Louis host, Brad O'Leary. The boys had visited the East and South and were on their way West



n Street



Allalee Babbidge



Harry Duntemann

new oceans to sail, or new lands to cross, there are still new frontiers for those who seek them and Arizona is one of these," said Mr. CHRISTIE.

ALLALEE A. BABBIDGE has been named a personnel officer of The Marine Trust Company of Western New York, Buffalo. She has been editor of the bank's employee publication and chief analyst in the bank's job evaluation program. She has been active locally and nationally in the American Institute of Banking and is a former vice-president and treasurer of the Niagara Frontier Industrial Editors' Association.

Harry Duntemann Retires

HARRY G. DUNTEMANN, assistant cashier and manager of the advertising department of The First National Bank of Chicago, retires as of September 1. He entered the bank as a messenger in 1911, was assigned to the advertising department in 1920, becoming manager in 1944.

MR. DUNTEMANN is a life member and former president of Chicago Chapter, American Institute of Banking; former president of Chicago Financial Advertisers; and for many years has participated actively in the Financial Public Relations Association.

GALE F. JOHNSTON, president of the Mercantile Trust Company of St. Louis, has been awarded a plaque designating him undisputed winner of the "All-Ozarks Skunk Fishing Derby for 1953." He inadvertently

hooked a skunk when he retired for the night without removing the lure from his fly rod.

IRVING TRUST COMPANY'S 50-story building at 1 Wall Street, New York, is to be completely air conditioned in what is described as one of the largest of such systems ever built into an existing building in the New York area. The equipment, which will extend from the bank's vault level four floors underground to three stories above the present roof, will furnish refrigerating capacity equivalent to the cooling effect produced by bringing 75 freight-car loads of ice into the building daily.

THE NASSAU COUNTY NATIONAL BANK, Rockville Centre, New York, had its 35th anniversary in mid-summer but won't have the official celebration until fall when everybody is back from vacations.

Indians Like New Boss

GLENN L. EMMONS, board chairman and president of the First State Bank of Gallup, New Mexico, and treasurer in 1949-50 of the American Bankers Association, has been named U. S. Commissioner of Indian Affairs.

President Eisenhower's nomination of Mr. EMMONS met with approval in many places, notably among the Indians themselves. He is reputed to be on a first-name basis with at least 1,000 Indians, and the



Glenn L. Emmons

Navaho Tribal Council made this statement regarding his choice for the position: "This is the best news the Navaho Tribe has received since the Army announced that our people were to be released from captivity at Fort Sumner, New Mexico, and allowed to return to our beloved reservation."

MR. EMMONS has long believed that the Federal trusteeship over the Indians should be liquidated at the earliest possible time, and to this end has said that he hoped to work himself out of a job. He is author of the so-called "Emmons Plan" which calls for land reclamation to make the best possible use of water resources so that agrarian Indians could remain on their homelands, produce food for themselves and livestock for market. The plan

William A. McDonnell, president of First National Bank in St. Louis, addresses a group of St. Louis civil leaders. He was host at a meeting to inform them about Channel Nine, the city's newly allocated educational television station. Mr. McDonnell is a member of the St. Louis Educational Television Commission



Because we
work
around
the clock...

YOUR
CHECKS
ARE
COLLECTED FASTER



THE NATIONAL CITY BANK of Cleveland



623 Euclid Ave.

Member Federal Deposit Insurance Corporation

STANDARD

Wherever money is wrapped!



Heavy Duty, CARTRIDGE COINTAINERS

- * Easier Filling
- * Safer Handling
- * Clearer Printing

A Complete Line of Money Wrappers

Cartridge Cointainers Currency Straps
Tubular Coin Wraps ABA Style Straps
Window Coin Wraps Auto-wrap Bill Bands

Send for Free Samples



STANDARD PAPER GOODS MFG. CO.
WORCESTER 8, MASS

also contemplates establishment of light industries among the tribes so that Indians could be trained in skilled work, and thus make jobs for themselves.

MR. EMMONS has been active in the American Bankers Association, having served on its Public Relations Council and Small Business Credit Commission, as well as having been treasurer. He recently was named by the National Association of Manufacturers to a five-member committee to study and recommend measures for improving governmental efficiency and economy.

LEWIS W. HARRISON, formerly assistant vice-president of The Bank of Asheville, North Carolina, is now with the National Bank and Trust Company, Charlottesville, Virginia, as assistant vice-president in the loan department.

Governor Battle of Virginia has appointed THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, as a member of the Virginia State Board of Education.

The First National Bank of Jacksonville, Florida, announces the promotion of J. HUGH RICH to cashier and MRS. WILMA Q. RIVENBARK to assistant cashier.

RUDOLPH E. REICHERT has been named board chairman of City Bank, Detroit. The new president is JOHN H. FRENCH, JR. MR. REICHERT is also president of the Ann Arbor (Michigan) Bank, is a former State Banking Commissioner for Michigan, and a former president of the Michigan Bankers Association. He is active in the American Bankers Association as a member of the executive and legislation committee of the State Bank Division, the Committee on State Legislation, the State Legislative Council, and State Chairman for Michigan of the A.B.A. Treasury Savings Bonds Committee. MR. FRENCH is president and chair-

R. E. Reichert

J. H. French, Jr.



Charles H. Lloyd



Stanley D. Ulrich

man of French Mortgage and Bond Company of Detroit. He is one of the original officers of the bank and now becomes its second president.

STANLEY D. ULRICH and CHARLES H. LLOYD have been appointed vice-presidents of American Trust Company, San Francisco.

Edwin Bird Wilson

EDWIN BIRD WILSON, a pioneer in the development of modern financial advertising, died on August 2 at the age of 75.

He was born in Dunbar, Pennsylvania, graduated from Princeton University in 1901, and went into newspaper work. He then served as advertising manager of the Real Estate Trust Company of Pittsburgh.

From 1909 to 1916, MR. WILSON was advertising manager of Bankers Trust Company, New York, where he organized the advertising department, and later the new business department. In 1916 he formed his own advertising agency, Edwin Bird Wilson, Inc., now located at 40 Wall Street, and served as president until 1946 when he became chairman of the board.

He was a past president of the New York Financial Advertisers Association and one of the few honorary life members of the Financial Public Relations Association, which he served for years as a member of the Senior Advisory Council.

MR. WILSON is survived by his wife, three children, a brother, and two sisters.

The New York Times recently ran a story on WILL A. THEUR, 83-year-old vice-president of the National State Bank of Newark, who has completed 64 years of service. MR. THEUR, the Times says, twice experimented with retirement and didn't much care for it. So now he's at the bank every day, where he is in charge of collateral secur-

(CONTINUED ON PAGE 26)

"above and beyond the call of duty"

IN correspondent bank relationships, there are many routine functions which are expected as a matter of course. These cover the bulk of transactions, and the Continental Illinois Bank has long proved its ability to discharge such functions to the complete satisfaction of its customer banks.

But emergencies are bound to arise. Perhaps one of your customers with an unusual problem needs help urgently. Perhaps you wish to "double-check" on a subject of particular importance to your own bank. The Continental Illinois Bank rises to situations that are "above and beyond" what is ordinarily expected by its correspondents. Whenever it is humanly possible, the desired results are accomplished.

That is one reason why so many banks have relied on the Continental Illinois Bank for so many years.

Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

Burroughs gives you

WMM

SAVE ON FILM COSTS!

Modern Burroughs Microfilming can slash film costs in many cases more than 50 per cent! It offers 8-mm photography on 16-mm film together with a high reduction ratio (37:1)—and therefore assures more images per foot of film. Burroughs Microfilming saves you money—you can see the savings on every roll.

Modern
Bell &
designed
ed han
features.
time far

SAV

IT'S N

WMM

TWO IMPORTANT NAMES IN MICROFILMING

Bell & Howell
MANUFACTURER

Burroughs
DISTRIBUTOR

Sensational new Acro-Feeder gives fast, automatic feeding of intermixed documents such as sales tickets and customer statements, as well as of checks, with new standards of accuracy.

Microfilming BIG 3-way savings!

IT'S NEW! IT'S UP TO DATE! OBTAIN THE MAXIMUM SAVINGS THAT ONLY
THE MOST MODERN MICROFILMING EQUIPMENT PROVIDES!

SAVE ON LABOR COSTS!

Modern Burroughs Microfilming cuts labor costs. The Bell & Howell Recorder—sold by Burroughs—is designed for high-speed automatic feeding and simplified hand feeding . . . offers the latest cost-reducing features. Burroughs Microfilming reduces operating time far below the average of older type machines.

SAVE ON EQUIPMENT COSTS!

Modern Burroughs Microfilming is moderate in cost . . . is engineered for dependability and long life. When you purchase the equipment outright, its many time-saving, cost-cutting advantages soon repay the original investment in the equipment. Burroughs Microfilming will continue to save you money as long as you own it!

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MAIN STREET (Continued)

ities and loans. National State was a \$3,500,000 bank when Mr. THEUR started working there as a "temporary" clerk. Its resources now are \$177,000,000.

In celebration of its 50th anniversary, Peoples Trust Company of Bergen County, Hackensack, New Jersey, has published a brochure entitled "Bergen County Looks Ahead," which is packed with historical and statistical information, and is profusely illustrated.

Vice-President WILLIAM B. PLATE will be in charge of the Irving Trust Company branch office scheduled to open in October at 380 Madison Avenue, New York, on the site where the Ritz Carlton Hotel formerly stood. The new office will also become the headquarters of Irving's consumer finance division.

WOODRUFF J. EMLIN, foreign department representative of Girard Trust Corn Exchange Bank, Philadelphia, returned recently from a business trip to Scandinavian and Mediterranean countries.

SOCIETY FOR SAVINGS, Cleveland, has opened its first branch. It's in South Euclid, a Cleveland suburb.

About to take off in a two-seat T-33A jet trainer at Elgin Air Force Base, Florida, is S. Sloan Colt, right, president of Bankers Trust Company, New York. He flew in the 600-m.p.h. aircraft after attending an aerial firepower demonstration with other distinguished visitors. Lt. Col. Michael C. Horgan is the pilot



A. J. Gock

50 Years in Banking

A. J. GOCK, Bank of America's board chairman, began his banking career at the age of 13 on July 20, 1903, by polishing the brass nameplate on the front of a San Francisco bank. He was honored for 50 years in banking on the anniversary of that occasion.

MR. GOCK recalled that his banking career nearly terminated at the age of 16 when the front of a building collapsed at his heels as he hurried to work the morning of the San Francisco earthquake and fire in 1906. It was not until 1912 that he joined the Bank of America as a teller.

Active in many civic enterprises, Mr. Gock has been president of the Los Angeles Chamber of Commerce; the California Bankers Association; San Francisco Chapter, American Institute of Banking; the San Francisco Rotary Club; and he is a past potentate of San Francisco's Islam Temple, Order of the Mystic Shrine.

B. FRANK WILLIAMS has resigned as vice-president of the National Bank of Commerce in New Orleans to join the Bank of Yazoo City, Mississippi, as a vice-president. R. CHARLES STRAIN, for 17 years active in the bond business, has joined the National Bank of Commerce in New Orleans as Mississippi representative.

BROR W. UNGE, manager of the Foreign Department of City National Bank & Trust Company, Kansas City, Missouri, who recently returned from his annual business and survey trip abroad, says: "More small borrowers are getting money from European banks, and when

bankers will lend Joe Doe, the man in the street, a few hundred dollars, it means that Joe Doe has better credit, hence more money and a better possibility to repay his loan. All that adds up to better conditions."

Many banks are carpeting their lobbies. The biggest such job is said to be that at the UNION TRUST COMPANY of Washington, D. C., which used 1,398 yards.

J. E. BURROUGHS has been named chairman of the board of the Citizens Commercial and Savings Bank, Flint, Michigan, filling the vacancy created by the death of WILLIAM VEIT. ERNEST W. POTTER was named president.

In a move to give the bank a governing body "more fully representative of local enterprise," the FIRST NATIONAL BANK, St. Petersburg, Florida, has added seven new directors.

Board Chairman LESTER ARMOUR of Chicago National Bank was also elected president, to fill the vacancy caused by the recent death of ROBERT D. MATHIAS.

Several changes have been announced at the Cincinnati Branch of the Federal Reserve Bank of Cleveland. RICHARD G. JOHNSON becomes vice-president in charge, succeeding WILBUR T. BLAIR who resigned to become vice-president and treasurer of the Sharon (Pennsylvania) Steel Corporation. PHIL J. GEERS was

(CONTINUED ON PAGE 29)

Mary B. Davis, assistant cashier and head of the general ledger department of Meadow Brook National Bank, Freeport, New York, receives a lapel watch and corsage from President Augustus B. Weller on her 40th anniversary with the bank. She joined the bank as a temporary summer replacement



We'll see you in Washington!



Wm. A. McDonnell
President



James P. Hickok
Exec. Vice-President



Meredith C. Jones
Sr. Vice-President

We hope you'll be among those attending the 79th annual convention of the American Bankers Association in Washington, D. C. This year's convention promises to be one of the most successful and best attended in ABA history.

Officers of the First National Bank in St. Louis, pictured at right, will journey eastward for this national event, and they look forward to seeing you there.



Carroll F. Burton
Vice-President



W. C. Collins
Vice-President



Frank Fuchs
Vice-President



John F. Hallett
Vice-President



W. R. Mesenbrink
Vice-President



Wm. Moeller
Vice-President



Alfred C. Pohle
Vice-President



Leonard J. Schrewe
Asst. Vice-President

COME TO THE CARLTON

Make a note now to come and see us at the Carlton Hotel during any of the four convention days. Our suite numbers are 434 through 436. The Carlton's address is 16th and K, N. W.

See you in Washington!



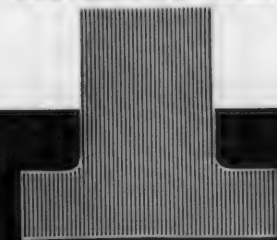
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The first choice of travelers the world over!



President Albert S. Puelicher, left, and Chairman Charles F. Hsley of Marshall & Hsley Bank, Milwaukee, examine watches presented to each of them on their 40th anniversaries with the bank. Mr. Puelicher is a former national president of the American Institute of Banking, and his father, the late John H. Puelicher, was president of A.B.A. in 1922. Mr. Hsley is a grandson of a founding partner and son of a former president of the bank

MAIN STREET (Continued)

named cashier; JOHN BIERMANN, JR., assistant cashier. JOHNSON, GEERS, and BIERMANN have all been with the Branch for 35 years.

JOHN J. SHAW, secretary-treasurer of The Citizens Banking and Savings Company, Conneaut, Ohio, has left banking to join the ministry.

County Bank and Trust Company, Paterson, New Jersey, has announced these promotions: LEE BOYDELL, vice-president; CLIFFORD W. GEORGE, secretary; VERNE S. ATWATER, assistant vice-president.

HORACE C. FLANIGAN, president of Manufacturers Trust Company, New York, has been named general chairman of the Greater New York 1954 March of Dimes.

ERIC H. THOMAS, formerly assistant cashier of the Scranton (Pennsylvania) National Bank, has joined the national bank examination department of the Federal Reserve Bank of Cleveland. His sister, RUTH R. THOMAS, also has left the Scranton National to accept a position with the Fed in Cleveland.

EDMUND J. NICHOLAS and ANTHONY J. KEARSHES have been named vice-presidents in the personal trust department of Manufacturers Trust Company, New York.

NASSAU COUNTY NATIONAL BANK, Rockville Centre, New York, is making extensive improvements to its Roosevelt branch to provide increased lobby space, more accessible entrance, air conditioning, and 24-hour letter-slot banking facilities.

Elected to the board of The First National Bank of Philadelphia are L. Y. Greene, president of General Refractories Company, and DR. GAYLORD P. HARNWELL, new president of the University of Pennsylvania.

Opening ceremonies at the new LaSalle-Military office of NIAGARA COUNTY SAVINGS BANK, Niagara Falls, New York, were recorded on tape and broadcast later over WHLD and WJLL.

Statewide Merger

THE IDAHO FIRST NATIONAL BANK, Boise, now has 27 offices statewide, through purchase of the entire ownership of the American National Bank of Idaho, Idaho Falls, with branches in Rigby, Salmon, Shelley, and Mackay.

Published statements as of April 20 showed American National with deposits of over \$25,000,000 and loans of about \$7,000,000. Idaho First National on that date had deposits of more than \$135,000,000 and loans of \$53,000,000.



E. J. Nicholas



A. J. Kearshe



Edward F. James



D. B. Woodward

EDWARD F. JAMES, assistant vice-president of Fidelity-Philadelphia Trust Company, will henceforth be identified with the bank's correspondent banking department. MR. JAMES is treasurer of the National Association of Bank Auditors and Comptrollers.

DONALD B. WOODWARD has been elected a trustee of Lincoln Savings Bank, Brooklyn. He's a member of the faculty of The Graduate School of Banking, is an author on financial matters; is former financial editor of *Business Week*, and has been economist to the Board of Governors of the Federal Reserve System and the Department of State.

At The Bank of California, N.A., San Francisco, ALFRED J. MAYMAN, vice-president, becomes vice-presi-

Two and one-half blocks of people—estimated by police to total 6,000—gathered to see TV Star Liberace in the lobby of The Denver National Bank to get his autographed picture. The worst cloudburst in the city's history arrived just after this picture was snapped and drove most to shelter. Liberace agreed to fill all requests for autographed photos direct from Hollywood. Total requests to date: 2,500



IN OUR FIFTY YEARS

Sixgun Justice



Back in Indian Territory days, days of brawling frontier towns, outlaw bands and lawlessness, "sixgun justice" was an oft heard term. And not to be taken lightly! The alert man, the man fastest on the draw survived! It was in this robust age that City National found its beginnings. So, no one can know and appreciate the growth and development of Oklahoma better than we. We were . . . and are . . . a part of it. That's why we know this state and these people so well. And that's why we feel we can serve you better in Oklahoma.



CITY NATIONAL BANK
AND TRUST COMPANY - OKLAHOMA CITY

Oklahoma City's Main Street Bank at Main and Broadway



Talking of trade with Australia and New Zealand

If experience and local knowledge can help your customers' ventures to success in these countries, we invite you to make our specialist services available to them.

BANK OF NEW SOUTH WALES

FIRST AND LARGEST COMMERCIAL BANK IN THE SOUTH-WEST PACIFIC

British & Foreign Department, Sydney, Australia—R. J. Neal Blackwell, Manager

dent and cashier; **ROGERS W. KIMBERLING**, vice-president and cashier, assumes new duties as vice-president of the bank's Portland (Oregon) office.

FIRST NATIONAL BANK OF BOSTON has moved its West Roxbury office into new quarters just across the street. The new building features a drive-in window, air-conditioning, and parking space.

BEARDSLEY RUMML, chairman of The Seventh Company, New York, has announced the appointment of **SIDNEY G. TICKTON** as manager of technical services. **MR. TICKTON** was formerly Technical Advisor, U. S. Treasury.

WILLIAM REID, chairman and president of the Hudson & Manhattan Railroad Company, and former New York City Deputy Mayor, was elected to the board of trustees of the Prudential Savings Bank, Brooklyn.

CHESTER BAYLIS, JR., is now a vice-president of Bankers Trust Company, New York.

CHESTER L. HOGAN, assistant cashier of The Farmers and Merchants National Bank of Los Angeles, has celebrated his 50th year with the bank. He was one of the organizers of Los Angeles Chapter, American Institute of Banking, and was its president in 1925. He also was president in 1936 of the Independent Bankers Association of Southern California.

(CONTINUED ON PAGE 152)

PANAMANIAN RECEPTION—**José Ramon Guizado**, left, Minister of Foreign Relations of the Republic of Panama, greets **Howard C. Sheperd**, chairman of National City Bank of New York, at a reception given in Mr. Sheperd's honor by **Leigh R. Cramer**, president of National City Bank of Panama.



The record of the past is written in
the figures of today...

the hands on the helm chart the course of tomorrow

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Member Federal Reserve System ... Member Federal Deposit Insurance Corporation



Dam at the old Pierce Mill in Rock Creek Park —Ollie Atkins

A LOT OF WATER HAS GONE OVER THE DAM

—since last we had the opportunity of saying WELCOME AMERICAN BANKERS ASSOCIATION!

It was 19 years ago, to be exact, back in 1934 that some 4,000 delegates came to town. This year almost twice that number are expected.

Many changes have taken place in our city. Beautiful landmarks and improvements have been added. The

population of the Greater Washington Area, then estimated at 700,000 has expanded to 1,400,000.

We've grown a bit, too, and our 1934 deposits of \$75,000,000 have risen to \$335,000,000 and capital funds of \$8,000,000 now exceed \$20,000,000, affording us greater opportunities than ever before for serving our many correspondents and friends throughout the United States.

We hope you find time to pay us a visit, but in any case . . .

The Best of Conventions, A.B.A.!

The RIGGS NATIONAL BANK

of WASHINGTON, D.C.

FOUNDED 1836 • LARGEST BANK IN THE NATION'S CAPITAL

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The OUTLOOK

and CONDITION OF BUSINESS

WITH several years of national deficits ahead of us, inflation is still a lively corpse, although its funeral was decreed last November.

In the dear, dead past when the debt was around \$20- or \$25-billion, it will be recalled, we feared inflation on the ground that eventually it deceived and beguiled even the economically literate. This was, in fact, its basic danger. Today we see evidence that we are near that point of no return, in the high type of advocate taking up the cudgels for inflation and in the widespread apathy toward the matter.

Anyway the boom refuses to act its age. It belies the pessimists, confounds the skeptics, bewilders the optimists, ignores efforts by the Government to lasso it, and even kicks over truces. Perhaps we planned it that way; but an old boom like this must be handled with care, if not with reverence.

Many months have passed since business waited trustingly to be told by a kindly government all the facts of life, inflation, and such things, and to prepare for a little recession. However, commerce and industry generally continue to move into higher ground and the little recession has receded. The idea now seems to be taking hold that we might have a baby recession around the last of this year and get it over before the political summer of 1954. In any case we have made it clear that we forthrightly favor the control of recessions but not booms.

In *Life With Father*, that delightful comedy of a few years ago, one memorable episode concerned father's decision to have a heart-to-heart talk with his son who was beginning to show more than a casual interest in girls. Father, with his face appropriately grim, told the lad to sit down, carefully closed the doors, looked around to make sure they were alone, and after several "harumpfs" said solemnly, "Women are not always what they seem." That was it.

So in life with the Government, it may be true that inflation is not always what it seems but, with more inflation assured, cheerfulness certainly seems to out-

weigh gloom right now in business and financial thinking of the future. As the Communists would say, inflation is deflation is inflation and so on.

There are soft spots like farm and commodity prices, metals, bulging automobile showrooms, and increasing difficulty in selling new houses, but apparently these important items are regarded as relatively minor in the over-all picture.

During the first half of this year the country produced goods and services in a constantly rising volume and the gross national product is now running at an annual rate of close to \$373-billion.

Expenditures for personal consumption in the second quarter reached an annual rate of \$230-billion, almost \$3-billion more than in the first quarter.

Almost all statistical measurements tell the same story, including personal income which reached an annual rate of \$284.4-billion in the second quarter, compared with \$281.6-billion in the first. For four years this quarterly rise has been uninterrupted.

In the financial field, the chorus of complaints over the Administration's monetary policy has diminished to a whisper as a result of the recovery in bond prices. The first major piece of deficit financing by the Republicans was accomplished with a minimum of inflationary bank credit.

The outlook for bank earnings is excellent, owing to higher interest rates and a heavy demand for loans, although this is offset by lower bond values.

If check clearings hold at their present levels, bank debits in 345 U. S. cities will exceed the 1952 total of \$1,640,000,000,000 by \$100-billion.

Despite a rising volume of consumer credit, delinquency ratios are declining in various categories, while in others they are higher and there has been some increased slowness of collections, and a small decline in prompt payments among commercial accounts.

To be prepared against the possibility of an economic

downturn, it is cheering news that an anti-recession blueprint is now being worked out under the direction of Dr. Arthur F. Burns, economic advisor to the President. The plan is expected to be ready by the end of the year.

So far, nothing spectacular appears to have been proposed in the unlikely event of a downturn—nothing but the obvious, such as easing of fiscal policy, a national public works program, badly needed rebuilding of highways, and, perhaps, lowering of taxes—all stimulants, if necessary. The rehabilitation of Korea, aside from its political effect, falls under the same general heading.

In such emergency operations, softer money rates could be of substantial assistance, of course. Under present conditions of moderately tight rates, for example, quite a few issues have fallen by the wayside, either because underwriters failed to bid or the states and communities did not want to pay interest which they thought was too high.

Thus, many projects for new schools, water systems, sewers, airfields, hospitals, and what have you have been postponed or canceled. Utilities and other corporations which are committed to a definite expansion program have been going into short-term bank borrowing, pending a more favorable turn—to them, at least—in the bond market.

These postponements to a later period are no calamity at this time, when all economic indexes are at high levels. Also the contraction of American exports is healthy except for exporters. In the first five months exports were \$162,000,000 below the corresponding level of last year, but imports were 3 percent higher.

Debt Limit Chronology

Among the Government's legacies from its predecessors is a budget that is almost out of control. Only with the aid of an informed, patriotic public opinion will the situation be rectified. Modern attempts to limit the national debt start with the first Liberty Bond Act of April 1917, authorizing new issues of bonds not to exceed \$5-billion.

Treasury Secretary Humphrey (right) and Budget Director Dodge examine the public debt outlook, a matter which is the center of a very lively Washington debate



The record is one of almost uninterrupted boosts in the ceiling.

It was in February 1935 that the limit on bonds, certificates, and bills was fixed at \$45-billion.

In February 1941 the aggregate was fixed at \$65-billion. Less than a year later, in March 1942, the top was pushed to \$125-billion. The next jump was in April 1943 to \$210-billion, and in June 1944 it went to \$260-billion. The final rise was in April 1945, when the limit on the face amount of obligations guaranteed as to principal and interest by the Government was set at \$300-billion. Subsequently in June 1946 the limit was reduced to \$275-billion.

On August 1 Congress made history by refusing to raise the limit to \$290-billion, although just what kind of history this was remains to be seen.

Can Recessions and Booms Be Controlled?

Last month BANKING shared some interesting correspondence with readers on the control of booms and recessions. A group of distinguished economists in the banking field were asked their opinion on this statement by Arthur Burns, economic advisor to President Eisenhower and director of research (on leave) of the National Bureau of Economic Research, in his last report of the Bureau:

There are no adequate grounds, as yet, for believing that business cycles will soon disappear, or that the Government will resist inflation with as much tenacity as depression, or that deep but brief contractions such as occurred in 1920-21 and 1937-38 will never again take place. Our limited experience with contracyclical policy does not provide strong support for the belief, so often expressed by theoretical writers, that the Government is capable of adjusting its spending, taxing, and regulatory policies with the fine precision and promptness needed to assure virtually full employment and a virtually stable price level at all times. Not only is the art of contracyclical action as yet imperfectly understood, but there are practical obstacles to the effective use of such knowledge as exists.

This month we are fortunate in being able to offer further comments from nationally known economists on this same basic question.

A Dynamic Economy Can't Be Stable

I AM glad you asked me, because I think I have a little clearer view of the economic situation at the present time than is usually the case with me. The answer to your underlined question, as far as I am concerned, is a resounding "No!"

We have been saturated with so much economic hogwash in recent years that it is almost impossible any more to distinguish between logic and fantasy. However, in spite of all the quaint and unrealistic goings-on, I don't believe that we have repealed any of the basic laws of nature or human nature. We have injected many artificialities into the economy, but all they ever seem to do is prolong or exaggerate the distortions. Supply and demand ultimately function about as inexorably as the Law of Gravity.

I think this could be stated as an axiom: "A dynamic (CONTINUED ON PAGE 165)

Better Outlook for Bank Earnings

JAMES W. WOOSTER, JR.

The author, who is a frequent contributor to BANKING, is with the Commonwealth Fund, New York City.

AFTER many years of subnormal earning power, there are indications that the banking business may be headed for a more nearly adequate rate of return on invested capital. If this proves to be the case, it should be welcome news not only to the pension funds, university endowments, insurance companies, mutual savings banks, and other comparable organizations which are among the largest investors in commercial bank capital, but to bank depositors and borrowers, and to all segments of the general public which have an interest in the maintenance of a strong and healthy privately owned banking system.

The general public is becoming aware of the fact that today's volume of business, expressed in dollar terms, and today's level of corporate profits and individual income, also expressed in dollar terms, are

far above the levels prevailing 10 to 20 years ago. To take just a few random examples, between 1935 and 1939 the sales of du Pont averaged about \$250,000,000 annually, while in 1953 they are running a rate of \$1,750,000,000 annually, a sevenfold increase. Gross revenues of Atchison, Topeka & Santa Fe Railroad, which were about \$155,000,000, on the average in the years 1935-1939, will exceed \$600,000,000 in 1953, a fourfold increase. In the years 1935-1939 the gross operating revenues of American Telephone & Telegraph Company were approximately \$1-billion annually; in 1953 they should exceed \$4¼-billion.

Banking Industry Growth

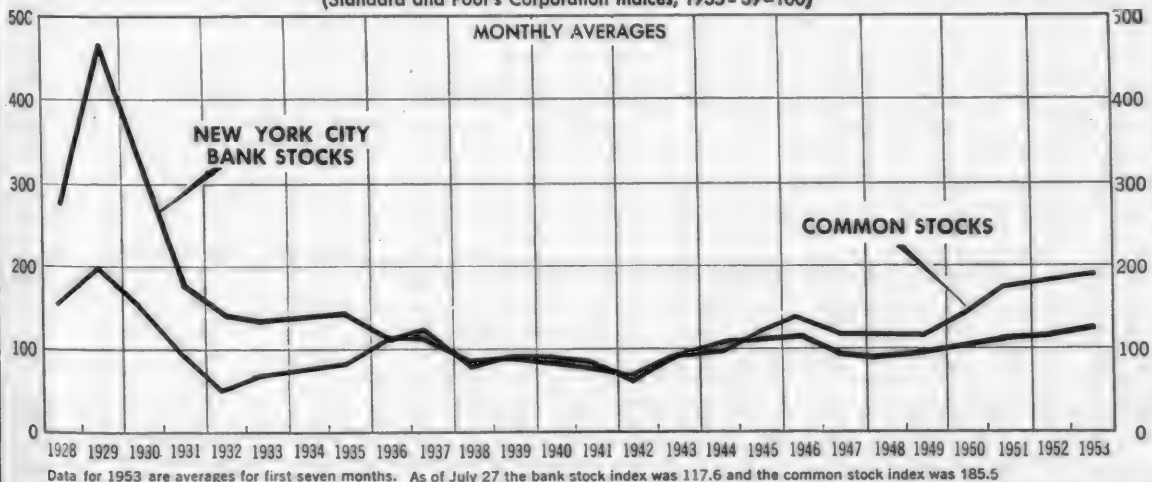
The banking industry, which serves American business, and reflects the country's economic health, has mirrored many of these tendencies toward expansion in dollar totals. Federal Reserve member bank deposits have grown from about \$40-billion at the end of 1939 to \$125-billion at the present time. These totals are not surprising; in

fact, they appear inevitable, when one considers that from 1941 to 1952 the gross national product of the country grew from \$126.4-billion to \$346.1-billion. During this same span of years, national income increased from \$103.8-billion to \$290.4-billion, and personal income expanded from \$95.3-billion to \$268.4-billion.

In order to transact a volume of business with a dollar value of from three to seven or more times that previously transacted, American industry has had to expand its plant and to expand its capital in a major way. A considerable portion of this industrial and commercial expansion has been financed by the commercial banking system. Member bank loans, which were \$13,962,000,000 at the end of 1939, were \$55,034,000,000 at the close of 1952. Total capital accounts of member banks were \$5,522,000,000 in 1939, and \$10,761,000,000 on December 31, 1952. This increase in capital accounts, although substantial, has not been at quite as high a rate as the growth in several

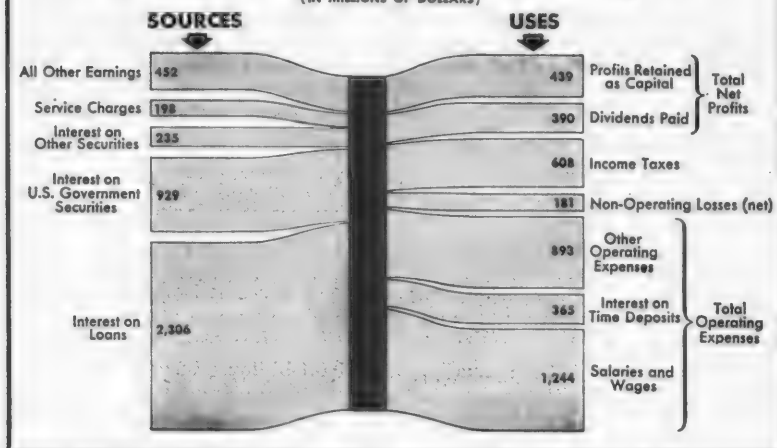
BANK STOCK PRICES COMPARED WITH COMMON STOCK PRICES SINCE 1928

(Standard and Poor's Corporation Indices, 1935-39=100)



SOURCES AND USES OF MEMBER BANK EARNINGS, 1952

(IN MILLIONS OF DOLLARS)



of the other related items in the economy, and, specifically, has been less than in the case of loans. Within the past three years, the ratio of total capital accounts of member banks to loans and investments other than United States Government securities—that is, the “risk assets” ratio—has declined from 18.9 percent in 1950 to 16.7 percent in 1951 and 16.2 percent in 1952.

Growth in bank deposits, bank loans and, to a lesser extent, in bank capital accounts have, as noted, tended to parallel growth in the commercial and industrial activity of the country. Bank earnings, however, have not been able to expand sufficiently to make bank stocks attractive investments in relation to other equities. During the greater part of the past 20 years the market prices of leading bank stocks have been less than their book values. These comparatively low market prices have had their primary cause in a low level of earnings. In 1952 net profits after taxes of all member banks, although 10 percent greater than in 1951, and the largest for any year of the last 20, were equal to only 7.9 percent of total capital accounts. This low rate of return on capital, combined with the necessity for retaining a large proportion of earnings to increase capital accounts in line with growth in deposits and loans, has resulted in a conservative dividend policy. In 1952 less than half of member bank earnings (47 percent) was paid out in dividends, and the yield on capital accounts was only 3.7 percent.

Low dividends have meant low market prices for bank shares, and these low market prices have meant that additional stock could be sold only at a discount which would, in many instances, severely penalize those who had previously invested in bank equities. This inadequate earnings situation resulted in the vicious circle of an initial need for retaining earnings, followed by restricted dividends, resulting in the discount of market prices from book values, and the inability to sell additional stock at a realistic level, all of which, in turn, brought about a still greater need for a larger proportional retention of earnings.

Stock Price Comparison

The result of these tendencies has been evident in the price action of bank stocks in relation to the market prices of the stocks of companies in other industries. In 1939 the average of Standard & Poor's index of 16 New York City bank stocks was 91.1. The composite index of 480 stocks, also compiled by Standard & Poor's, was 94.2 at that time. During most of the years of World War II, the bank stock index and the composite stock index moved in parallel, and in 1944 the bank stock index of 104.1 was actually higher than the composite stock index which stood at 99.8. During the postwar period, the failure of bank earnings to increase at a rate commensurate with that of many other segments in the economy has resulted in a deterioration in the price action of the New York bank stock index in relation to the com-

posite stock index. In 1950 the bank stock index averaged 105.2, which was virtually unchanged from the 104.1 average of six years earlier, whereas the composite index in 1950 averaged 146.4, an advance of nearly 50 percent over that of 1944. At the midyear point in 1953, the bank stock index stood at 118.5, which was only 64 percent of the composite stock index of 185 on the same date.

With bank stocks in comparative disfavor with investors, it is evident that the greater portion of any increase which does occur over the near-term in bank capital will have to come from the retention of earnings, rather than from the sale of additional shares. In the light of this situation, it is particularly important, and significant, that bank earnings reports for the first half of the current year have, in general, shown increases over the corresponding period of 1952.

N. Y. City Banks

Fifteen major New York City banks had net operating earnings in the first half of 1953 which were 5.8 percent greater than in the first half of 1952. Interest on loans for these banks rose 15.9 percent over the previous year, and the dollar total of \$190,500,000 was greater than the combined income from all other sources. The volume of loans was 5.5 percent higher than a year previous, and the rate earned was also higher. Deposits of these New York banks were down about 5.6 percent as compared with June 1952, but United States Government securities were reduced by 19.3 percent. Approximately \$6.5-billion was invested in United States Government obligations by these New York City banks on June 30 of this year, with the average maturity less than four years.

The need for an increase in bank earning power which will bring it more nearly in line with what the realities of the present situation require is both obvious and generally recognized. Let us examine some of the chief components which determine bank earnings so as to establish a basis for judging the prospects for the achievement of a fair rate of return on invested capital.

As is true of most businesses, bank operating earnings are determined by the interaction of (1)

(CONTINUED ON PAGE 138)



President Eisenhower with former President Hoover, on the occasion, just before the latter's 79th birthday, of his acceptance of the chairmanship of a 12-man commission to study the organization and functions of the Federal Government. One purpose of this new "Hoover Commission" will be to recommend what Federal activities might better be relinquished to private enterprise or to state or local governments

WIDE WORLD

The Limit on the Federal Debt

LAWRENCE STAFFORD

PRESIDENT EISENHOWER rang the gong starting a great debate which will hold national attention for many months, when he asked for a boost in the statutory Government debt limit of \$15-billion beyond the present \$275-billion.

Both Mr. Eisenhower and his Secretary of the Treasury, George M. Humphrey, stressed the necessity for boosting the debt limit this summer or early fall in the interests of flexibility in operating the Treasury.

The President, in his message to Congress, pointed out that, with the borrowing of about \$6-billion of new money on tax anticipation certificates, the Treasury debt stood at about \$272-billion.

"To meet necessary expenditures and to maintain a safe working balance of funds it will be necessary to borrow more money before the next session of Congress. This will carry the debt above the present legal limit of \$275-billion," he said.

"Under present circumstances, the existing statutory debt limit is so restrictive that it does not allow the financial operating leeway necessary to conduct the Government's fiscal affairs effectively," he added.

Secretary Humphrey made public a more detailed memorandum. This emphasized, among other things, the effect of the Mills plan. This is the plan which tends to concentrate corporation income tax payments in the March and June quarters. Hence it leaves the Treasury with a short volume of receipts from July to December.

As a consequence, the Treasury will be required, in order to meet authorized obligations, to borrow a sufficient amount before the end of December to breach the debt limit, the Secretary contended. This will have to be done unless the Treasury's working balance is to be reduced so low as to embarrass the Treasury should any emergency

arise, the Secretary indicated. He said that a minimum desirable balance should be in the neighborhood of \$6-billion—a little less than the average Treasury disbursements per month.

Secretary Humphrey in his press conference was even more emphatic as to the need for prompt action to raise the legal debt limit. If this were not done, he said, the Treasury might not be able to pay its bills as they come due, and contractors in some cases would have to be told to delay shipping finished products because the Government could not pay for them.

Congress Says "No"

Congress, however, said "no" to the President's request. The House approved a boost to \$290-billion in the statutory debt limit by a comfortable margin, but the Senate Finance Committee voted 11 to 4 to defer action on this proposal.

Senator Harry F. Byrd (D., Va.) was the leading opponent of the move to boost the debt limit. He contended, first, that it was unnecessary. Figures he obtained from Secretary Humphrey indicated, he said, that even with the debt increase permitted, the Treasury would not be required to break through the present limit until December, and then by only \$2-billion. At the same time the Treasury would have a general fund balance of \$6-billion.

It was the Virginia Senator's contention that the Treasury could avoid, at least until Congress meets again in January, the necessity for this action. The President is empowered to impound appropriations and reduce spending even though Congress has appropriated the money. By exerting "only a 3 percent economy" in disbursements and by allowing its general fund balance to go lower, the breaching of the \$275-billion debt limit could be avoided, the Senator asserted.

Senator Byrd was also opposed to an increase in the statutory debt limit on general principles. "A debt of \$275-billion is much greater than the country should be called on to stand," he asserted. "I submit further that an increase in the debt limit at this time would be an invitation to extravagance."

Congress Was Irritated

The Virginia Senator carried his point because of the obvious irritation of Congress over the way this subject was handled. The irritation arose on two counts.

First, the President's message came the day before the previously scheduled adjournment of Congress. The great majority of members interpreted this timing, correctly or incorrectly, as a stratagem of trying to force Congress to rush approval without adequate debate.

Second, Congress was irritated at the disposition of the Eisenhower Administration, as it saw it, to withhold from Congress a frank statement of its over-all fiscal intentions. Instead, Congressmen believed, the Administration probably knew long ago that it would not come anywhere near balancing the budget in fiscal 1954. At the time this became known—probably some time in April or May—Congress should have been given the full implications of the fiscal problem ahead, its members felt. The extension of the excess

profits tax was only one of those implications. Another was the ultimate inevitability that the Federal debt would cross the \$275-billion barrier.

Special Session Desired

Members of the Finance Committee said that they had obtained from Administration officials in closed session the most serious commitment that a special session would not be called to deal with the debt limit unless it later became apparent that the Government's credit would be jeopardized.

A promise in not quite those precise terms was given in a public statement by Secretary Humphrey following the committee shelving of this proposition. On the other hand, Mr. Humphrey made it clear that members of the Finance Committee had not convinced him he could do without the requested increase in Treasury borrowing power.

Assess Bank Effect

If the debt limit is not boosted, the Treasury will be forced, officials repeated, to draw down the general fund balances heavily. Figures indicated this balance might fall to around \$3-billion at times. As a consequence, Treasury deposits in commercial bank tax and loan accounts would be drawn down heavily also,

said Joseph M. Dodge, Budget Director.

Other officials expressed the opinion, however, that, over-all, this would cause no serious embarrassment to banks in their reserve positions or in any other way. Banks holding those accounts would simply have public deposits converted to private deposits over the period of the stringency. An occasional bank might notice the transition adversely. It is possible that any adverse effects, if appearing, would be mitigated by Federal Reserve action.

However, the operation, although it might pose some acute difficulties for the Treasury, is not expected by these officials to have any appreciable influence on the total monetary picture.

Future Implications Are Broad

The implications of this dispute are somewhat broader than the question of increasing the debt limit, whether at a special or regular session of Congress. The implications of the debate have drawn attention to the extreme difficulties which are likely to arise at the session of Congress next January on the whole fiscal problem — balancing the budget, revising taxes, and extending expiring taxes.

Secretary Humphrey had stated that it was the intention of the Ad-

Walter W. McAllister of San Antonio, Texas, being sworn in for a 4-year term as chairman of the Home Loan Bank Board. The oath is being administered by Albert M. Cole, administrator of the Housing and Home Finance Agency, of which the Home Loan Bank Board is a constituent unit



ministration to reduce spending month by month until the Federal budget is brought in balance. Mr. Humphrey has stated that if there was no new emergency, he would have the budget in balance by June 30, 1954. Expenditures by that time—not for the year as a whole—would be matched by revenues.

In connection with his plea to Congress to raise the debt limit, the Secretary gave to the Finance Committee a month-by-month estimate of Treasury receipts, expenditures, general fund balance, and outstanding debt subject to the statutory debt limitation. These figures, prepared for the Secretary by the analysis staff of the Treasury, were released by Senator Byrd. They are in billions of dollars and the table appears at the right.

Spending Cut Some

Mr. Humphrey's figures thus indicate a July-through-December expenditure estimate of \$37,400,000,000, or a monthly expenditure rate of about \$6,233,000,000 for the first half of this fiscal year. For the second half of the year, or from January through June of 1954, total spending would amount to \$36,700,000,000, or a monthly rate of about \$6,116,000,000.

Thus the Secretary apparently has not yet reflected in his estimates his announced intention to get the budget in balance by June 30, 1954. The monthly average spending rate is to be reduced by only around \$117,000,000 from the first to the second half of the fiscal year. This estimate likewise ignores the prospect Pentagon sources announced of an over-all savings of \$1-billion from the Korean truce.

Furthermore, Senator Byrd told BANKING, Secretary Humphrey informed the Finance Committee that while the unspent balances of appropriations at the end of this year will be reduced by \$11-billion from the total June 30, 1953, they will still amount to \$70-billion of "COD orders," as the Secretary calls them, at the end of the present fiscal year. This would obviously aggravate the problem of reaching a balanced budget in 1955.

Finally, from a source which may not be identified, it was revealed that, despite the end of the Korean war, purchases of military hard goods by the Defense Department are expected to be something around

| | BUDGET | | GENERAL | DEBT |
|---------------------|----------|--------------|--------------|------------------|
| | RECEIPTS | EXPENDITURES | FUND BALANCE | SUBJECT TO LIMIT |
| 1953: July | 3.3 | 6.1 | 8.5 | 272.1 |
| August | 4.6 | 6.0 | 7.3 | 272.3 |
| September | 6.2 | 6.4 | 5.0 | 270.4 |
| October | 3.0 | 6.2 | 5.9 | 274.2 |
| November | 4.7 | 5.6 | 5.3 | 274.4 |
| December | 5.3 | 7.1 | 6.0 | 277.0 |
| 1954: January | 5.4 | 5.6 | 5.7 | 277.0 |
| February | 5.5 | 5.4 | 5.3 | 276.7 |
| March | 11.9 | 6.0 | 8.7 | 274.3 |
| April | 3.0 | 6.1 | 5.7 | 274.3 |
| May | 4.5 | 6.0 | 7.3 | 277.3 |
| June | 11.1 | 7.6 | 6.0 | 273.0 |

\$16-billion this fiscal year, up \$5-billion from fiscal 1953, and will further increase about \$1-billion in fiscal 1955.

Expects No Revenue Drop

Furthermore, the Secretary's estimates supplied to the Finance Committee presume the achievement of the original estimate of \$68.5-billion of receipts in 1954 made officially by President Eisenhower on May 20 when he sent his message to Congress on taxes.

This presumes that the \$3.4-billion shortfall in revenues which occurred under fiscal 1953 estimates will not recur in the current year, that Congress will continue beyond March 31 the expiring higher excise tax rates on gasoline, liquors, automobiles, and other commodities, and also that the 52 percent corporation income tax rate will not be allowed to drop down to 47 percent April 1. Congress so far has ignored requests of the President on May 20 that these higher rates be retained.

This revenue estimate also assumes that the pending tax revision bill which the President promised the Treasury will submit in January, and upon which the House Ways and Means Committee is now working, will avoid any net loss in Federal revenues.

So altogether the revenue estimates are based on rather optimistic assumptions.

So the debate which was touched off by the proposal to boost the debt limit is a harbinger of a further dispute not only on this subject, but on the whole status of whether the budget shall be balanced in fiscal 1955, whether the tax revision bill shall afford tax relief, and whether Congress can be persuaded to con-

tinue present high excise and corporation income tax rates.

Humphrey Takes Offensive

Treasury Secretary Humphrey went over to the strong offensive on the Federal Reserve-Eisenhower Administration sound money policy, in his address to the Governors' Council at Seattle last month.

This address emphasized two points. The first of these was the value of savings.

"Because somebody saved, America grew productive, prosperous, and powerful," the Secretary declared. He recited in detail how "savings have made America."

The Secretary's second point was that there are more people in this country who are savers of money than there are borrowers. "There are millions of other (besides borrowing) Americans—all those millions who carry any kind of insurance and millions who are looking forward to pensions or retirement payments or other kinds of future receipts, patients in hospitals, beneficiaries of charitable organizations, and all endowed institutions—who do not realize how directly a higher interest rate benefits them," Mr. Humphrey said.

"Millions and millions of our people receive interest in one form or another. More than 45,000,000 families and 122,000,000 individuals have investments such as life insurance, savings accounts, E Bonds, annuities and pensions, publicly owned stocks, privately held stocks, real estate mortgages, and corporate bonds.

"When a higher interest rate is paid it does not go just to a few bankers, as some of our Senators
(CONTINUED ON PAGE 97)

METHODS and IDEAS

Operations . . . Advertising . . . Promotion

This department is edited by JOHN L. COOLEY of BANKING'S Staff.

TIMELY AD

THE MARQUETTE NATIONAL BANK of Minneapolis received many congratulations for its newspaper ad marking the signing of the Korean armistice.

The ad, which first appeared in the *Star* on the morning of July 27 and was repeated in the next day's *Tribune*, was headed "Korean Hills Will Grow Green Again." In the background was a map of Korea showing the 38th parallel, with such famous battle scenes as "Old Baldy," "Pork Chop," "Unnecessary Mountain," and "T-Bone" indicated. Copy pointed out that although the guns had been silenced, this was not a time to "slacken our efforts . . . the threat of aggression goes on . . . there is still much for us to do . . . so that these hills will grow green again, and stay green."

It's interesting to note that Marquette's advertising committee, headed by Cashier R. W. Crouley, in anticipating the armistice, had the ad prepared in May and requested the newspapers to run it as soon as hostilities ended.

A "WORKSHOP" FOR TEACHERS

BALTIMORE banks, the clearing house, and the Maryland Bankers Association participated in the city's "workshop" program for teachers who spent a week observing various phases of activity in the local business world.

On "Finance Day" public and parochial school teachers heard talks on commercial and mutual savings bank operations and investment banking by Baltimore bankers, and saw films on money, banks at work,

and the central banking system. They also toured the banks, including the Federal Reserve branch.

The Baltimore Clearing House paid the cost of bus transportation to the banks and William B. Elliott, secretary of the MBA, handled the details. Each teacher received a booklet on the services performed by banks.

BANK WINDOW DISPLAYS TIED TO "T-MEN" SHOW

WINDOW displays on several themes covered by the NBC-TV anti-crime show, "Treasury Men in Action," have been prepared and supplied free of charge to banks in nearly 30 cities.

Topics of the exhibits are counterfeit money, forged Government checks, and souvenir war weapons. In each case the public is advised how to avoid the pitfalls in these subjects.

A window of the Industrial Bank of Commerce, Albany, New York, showing the souvenir gun display. It ties in with one of several "Treasury Men in Action" dramatizations on this subject. Leaflets, available in the bank, explain the dangers of war weapons and how to combat them. This display was said to be the biggest attention getter. (The guns are real, but deactivated.)



Informative leaflets are supplied to banks using the displays sample of which is pictured herewith.

ANNIVERSARY IDEA

THE BANK OF SHEBOYGAN, Wisconsin, celebrating its 50th anniversary, filled a window with examples of penmanship and writing materials of a half century ago.

Included were a 32-pound ledger showing the carefully written entries, old-fashioned inkwells and pens, an ancient paper cutter, letterheads used by local business concerns in 1873, and the bank's first typewriter.

EFFECTIVE SIGN

THE UNION MARKET NATIONAL BANK of Watertown, Massachusetts, installed a theater-type sign to call attention to its recently transferred time credit office.



Community service copy is used, too

But the messages, appearing in large letters, will be varied between bank services and community projects. Among the latter is the appeal, shown in the photograph, to help the fund drive on behalf of the victims of the tornado that caused heavy loss of life and property in the Worcester area early in June.

"From the many favorable comments received," writes Vice-president William R. Kennedy, "we believe this type of sign will prove effective."

BANK REPORTS

THE Committee on Corporate Information, National Federation of Financial Analysts Societies, has been studying representative bank reports "in the interest of promoting and continuing improvement in the completeness of bank reporting." Some of its observations were noted in January 1952 *BANKING* (page 58), but here are further comments contained in a supplemental report:

"The varying treatment of income taxes in bank income accounts makes it essential that reports state clearly the basis on which income taxes are computed. We realize that the excess profits tax law deters some bank managements from reporting taxes applicable to operating earnings. We trust that this deterrent will soon disappear.

"Our specific aim in the division between 'net current operating' and 'below the line' information . . . is to separate the 'normal' income and expense items which can be pretty well allocated to one year from the 'nonrecurring' items which are not necessarily a normal part of operations in that year, especially where

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Get the Most From Your Equipment

NORMAN T. SHEPHERD

Here is the first of a series of articles on this subject by the vice-president and comptroller of the Haverhill (Massachusetts) National Bank and president of N. T. Shepherd Associates, bank auditors and management consultants.

EXPERIENCE has shown that many banks are not getting maximum results from their operating equipment.

Are you getting the most out of yours? Is production being increased, and are costs for an operation being reduced or maintained at a minimum level? Are you realizing from your machines all the advantages of which they are capable? Is the equipment, as nearly as possible, being operated on a planned schedule, synchronized with operating procedures to eliminate long periods of idleness?

Industry can't afford to have its equipment idle. Can bank management? When management hires personnel it expects maximum weekly working hours for wages paid. It shouldn't expect less from dollars invested in equipment. Idle machines are a costly luxury.

Of course, there are instances where present equipment doesn't lend itself to the flexibility possible with some other type, model or make of similar or newer machine. First, then, let's point out one major weakness that is often found: *Too often, not enough study and thought are given to the original purchase.*

Potential Uses

Consider not only the job presently expected of a machine, but its potentials. Flexibility is the keynote. While certain minimum features of a machine may be all that are essential now, consider the additional work that might be processed now or in the future if available added features are included in the original purchase.

The next important point—and one too often overlooked—is the *maintenance of equipment in first-class condition* so as to assure good service and peak output. Be certain

that your machines are covered at the end of the day. Keep them clean and well serviced.

Beware of local mechanical talent; only properly trained men should service machines. A self-styled office mechanic will often cause more damage to, or even ruin, a piece of equipment. Service contracts will provide regular inspections and expert attention. Your records should include the date of every service call for each piece. Breakdowns are the cause of many wasted man-hours and have a detrimental effect on personnel morale.

The Personnel Factor

Now, the best machines will not produce without *properly trained people to operate them*. So here we come back to the human factor. The machine and its operators must be welded into a unit or team, coordinated to the function it performs. Train the operators not to run the machine, but rather to control it; teach them what a machine can and will do under expert guidance. Only with trained operators will peak production and lower costs be attained.

Still another factor must be considered if the ultimate results are to be obtained: *The forms used with machines should be designed to fit the equipment*. They must be of fine tolerance, proper weight, and good stock. What suited the pen isn't always suitable to machine usage. In the case of multiple forms, special attention should be given to collating and alignment, particularly with respect to quality of carbon. No time will be saved if copies are illegible and require extra transcribing.

Each of these factors is of major importance in getting the most from your equipment, and each must have the careful attention of management. They are the foundation for tangible, efficient, economical production. With this thought in mind, then, we can discuss, in the other articles of this series, some of the individual machines, pointing out how they can be more advantageously and fully utilized.



The Open-End Mortgage

Two Views

Based on Experience

THE open-end mortgage continues to grow in popularity. Enthusiasm for it has been greatly advanced by several important developments:

(1) *One of the country's largest savings banks now writes all new mortgages on an*

open-end basis, and will accept supplemental agreements converting existing mortgages into the open-end type.

(2) *A large title insurance company now contracts to insure each readvance of principal under an open-end mortgage in amounts up to \$3,000 at nominal cost.*

(3) *Savings and building and loan associations are writing the open-end clause in their mortgage contracts in greatly increasing numbers.*

(4) *Magazines with large national circulations are proclaiming the advantages of this form of contract to an ever-wider audience. Life, for ex-*

A New Outlet

GEORGE C. JOHNSON

MR. JOHNSON is president of The Dime Savings Bank of Brooklyn.

FOR nearly three years, The Dime Savings Bank of Brooklyn has written open-end clauses into all its mortgage instruments on one-family homes, except those insured by the Federal Housing Administration, and we are convinced this policy works to the benefit of the bank and to our mortgagors.

Basically, an open-end mortgage is one under which future borrowings are secured by the original mortgage, after the loan is reduced. After \$500 or more is paid off, the mortgagor simply applies for an additional sum equal to or less than the amount paid off. If his credit rating is satisfactory, and if the appraised value of the property will

support the loan, and all other conditions are satisfactory to the bank, the loan is granted.

The sum is added to the unpaid balance of the mortgage, and payments on principal and interest of the additional sum are added to the amortization payments scheduled for the original mortgage. In effect, we write a new mortgage and it bears our prevailing interest rate for the whole loan.

THIS plan makes terms especially favorable for families who require cash for enlargement, improvement, or repair of their property. Instead of borrowing on a short-term note and repaying it within one to three years, as is the practice today with FHA Title I home modernization loans, families with open-end mort-

gages at our bank can spread these payments over the term the original mortgage has yet to run.

We take the position that an expenditure for repair, improvement or enlargement of a home increases the security to the bank represented by the mortgage. Furthermore, by making the monthly payments as easy as possible for a homeowner, we encourage him to maintain his property in first-class condition.

It is true, the borrower will pay a greater total amount of interest on an additional advance than on a Title I short-term loan, because of the longer period the mortgage has to run. However, we find our mortgagors prefer it this way. The average family today considers only its monthly outlay in relation to current income—not the advantage, interestwise, of paying off its loan as rapidly as possible.

I believe this is an economic fact that cannot be overlooked; and it is a factor that will bring the open-end mortgage into increasing popularity.

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ample, recently presented one side of the picture.

THE Savings and Mortgage Division of the American Bankers Association has made a careful study of the open-end mortgage question during a period of several years. It has recognized the opportunities which this type of loan offers to the borrower and to the lender as well. It has discovered, however, that there are numerous avenues where caution is needed, and that important background factors must be known before participation can be recommended to all banks.

BASICALLY the open-end mortgage is one which permits the readvance of amortized principal on an existing mortgage. Because of an open-end clause written into the contract, or a supplemental agreement made to an existing mortgage contract, the original face amount of the loan is intended to retain lien priority until its final maturity, so that any readvance of principal

that has previously been paid in to reduce the loan will maintain prior lien status, provided the total outstanding indebtedness on the property does not exceed the original amount of loan recorded on the land records.

LAWS have been passed in many states which permit the use of open-end clauses in mortgage contracts and are intended to assure this prior lien status. It is believed by the Committee to be essential, however, that counsel for the lender should be consulted to determine local application of this principle. Some states specify conditions under which the open-end mortgage is permitted, such as limiting the amount that may be so advanced, and restricting the use of the proceeds to home improvements.

THE problems which open-end contracts entail are obvious. Does the open-end clause legally establish prior lien status of a readvance of principal in each state? If the purpose of financing is for home furnishings or per-

sonal property, does it conform to recognized, sound, and constructive policies on instalment credit? If the new loan is extended beyond the original maturity of the mortgage, what has become of the benefits of amortization to the borrower in helping him to own his home free and clear at as early a date as possible? Will not the use of the home as security for any and all borrowing purposes tend to keep the borrower permanently in debt and destroy the principles of thrift which are so important in our national economy? Should open-end mortgages be restricted to use for home improvement purposes only?

THESE and many other questions will determine whether or not the open-end mortgage is to be used widely by lenders. It is an individual bank problem, and, to help clarify the decision, **BANKING** has asked two leading experts in the field of mortgage credit to tell of their experiences.

Consider Certain Tests

JOSEPH R. JONES

MR. JONES is vice-president, Security-First National Bank of Los Angeles, and chairman of the Committee on Real Estate Mortgages, Savings and Mortgage Division, American Bankers Association.

RECENTLY there has been considerable publicity concerning the open-end mortgage, and considerable effort is being made by many different agencies to encourage all lenders to adopt this type of mortgage or trust deed in making loans upon real estate. It is contended the use of such a form would

(1) support the program for modernization and rehabilitation of older homes;

(2) provide easier payments on loans, enabling homeowners to

buy new equipment (refrigerators, stoves, etc.), and thus stimulate sales of these items; and

(3) save expense for the borrower by getting a lower interest rate for such additional loans.

The principles of the open-end loan are not new. They were in use 20 or 30 years ago, when lenders took a mortgage to secure a loan of \$X-thousand and "such other sums as may be advanced to the borrower." This principle was used by many lenders, and sometimes with very unfavorable results. "Additional advances" made by a lender under a mortgage or trust deed will be a good lien against the property insofar as the borrower is concerned. However, there is always the hazard of intervening liens, of which the lender may be charged with notice. There is also the hazard of bank-

ruptcies, execution sales, mechanics' liens, divorce proceedings, and the possibility that the maker of the mortgage or trust deed may no longer be the owner of the property.

Laws of the different states vary widely in the effect of these different types of liens, and whether or not they might be prior or subordinate to an additional advance under a mortgage or trust deed. Unless the state law specifically establishes the additional advance as being prior to any and all other liens, the only safe procedure is to obtain title insurance insuring the lender against loss by reason of any liens or other matters which may affect the lender's priority of lien. This insurance generally costs only a few dollars.

Without any question, the monthly payment on an additional advance is much smaller than the payment required under FHA Title I or other similar plans of shorter-term financing.

Let us take the problem of a homeowner who wants to make improvements costing \$1,000. He has

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Proper Audit Procedure and Control

CLARENCE G. McDAVITT, JR.

This is the first in a series of articles being prepared by MR. McDAVITT on the business of being a bank director. The author is president of the Massachusetts Bankers Association and president of the Somerville National Bank, Somerville, Mass. He is the author of a book entitled If You Are a Bank Director.

MANY, many years ago, it was customary to appoint some little fellow whose duty it was to accompany the Royal Prince for the purpose of absorbing whatever punishment the Prince's misdeeds might justify. This little fellow was the official "whipping boy." Bankers, and sometimes bank directors, often recall this quaint custom as they read the newspaper or listen to some speaker. During recent months bank directors have been on the receiving end of a few verbal lashes each time that a bank defalcation has been reported. The defalcation trend, statistics indicate, is unfortunately rising.

A Lot More Than Prestige

On the authority of many, including some experts, it has been established that there is more to bank directing than lending prestige. Bank directors are responsible legally for many things; and responsible morally for many more. One of the duties to which they are both legally and morally bound is the provision for proper audit procedure and control for their own bank. Proper attention to audit procedure and control, moreover, allows the bank director to discharge at the same time three of his more important duties.

This would include his duty to the depositor who, being an average person, has the impression that banks are infallible; and, by pro-

tecting the bank from defalcation, the director prevents disturbing this desirable misunderstanding about the infallibility of banks.

In point is a very recent newspaper feature story carried under the title "Too Many Lads Tapping Bank Tills." The article describes numerous bank shortages, including an interesting story about a teller who, having originated a theory that anything that happened to fall on the floor of his cage should belong to him, developed a bad case of butter-fingers. The teller's theory may not be important, but it is important that this subject was featured in the Sunday edition of a major newspaper.

Staff and Stockholders

Secondly, the bank staff is entitled to the protection from themselves which proper audit and audit control provides. Finally, the stockholders benefit, either directly through a minimum of losses, or indirectly through a minimum surety premium. When one stops to think about proper audit procedure and control, it becomes apparent that this problem *must* be for the bank directors for one very simple reason: *There is no one else in a position to do the job.*

The importance of this particular director responsibility increases inversely with the size of the bank. The larger the bank the less need for directors to give heed. Indeed, the experts agree that the greatest exposure is in the banks of \$3,500,000 or less in assets. As most bank directors now will understand, this auditing responsibility cannot be passed on to the bank examiners, since a bank examination is not the same thing as a bank audit. In spite of all the publicity given to this situation, it is still not clearly understood by too many. Very recently

a member of a congressional committee asked the Comptroller of the Currency this question: "Distinguish between bank examination and bank audit, as evidenced by the methods followed by your examiners in their work." The Comptroller replied: "*It cannot be too strongly emphasized that a bank examination does not involve a complete audit of the institution.* It has always been understood that the primary function of governmental bank examination is to judge the assets and operations of the banks, and to effect improvements therein whenever necessary through recommendations or definite orders." The chairman of the Federal Reserve Board calls the role of the bank examiner "essentially that of a fact finder."

Seems a Large Order

Some bank directors are beginning to think that they are supposed to be all things to all men. The law, fortunately, requires that they do only the best they can with what they have, using "ordinary care and diligence" in the process. The law does not ask the bank director to guarantee personally that no defalcation shall ever occur in his bank. Federal law and most state banking laws, however, do require that the bank director accept the responsibility of a bank audit. There is probably no bank board, no matter how small the bank, that can personally conduct a true bank audit. Assuming that they had the time, they would in most cases lack knowledge and experience in auditing technique. However, the bank director who wouldn't have the foggiest notion where to look for an item which he had been told was "floating in the air," can readily read and understand an audit report prepared by a professional auditor. It is com-

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Dividends from Teaching Teachers

J. E. PATRICK

The author is vice-president in charge of personnel, operations, and training, Valley National Bank, Phoenix, Arizona. He is also chairman of the Arizona Governor's Board of Education.

THERE'S no doubt that bank-sponsored courses in business techniques are helpful to school teachers. But often the benefit to the bank must be charged off to goodwill.

The Valley National Bank's teacher-training program, unlike most, is worth money to the bank. It was designed by the bank's personnel department to transform a good percentage of the city's high school graduates into competent job applicants.

Although the program was originated by the bank, it has been conducted with the close cooperation of local schools since its inception in 1951. This year, for the first time, it was offered under the official sponsorship of Arizona State College at Tempe. As a result of the ASC participation, the teachers receive three hours of graduate credit for their five weeks of work at the bank.

In addition, the college's participation has attracted the interest of other local business organizations. This year for the first time, four other Phoenix firms joined in the program.

Simple, Workable Plan

Basically, the plan is simple. High school teachers of business subjects are brought into the bank during summer vacations for an intensive course in banking techniques. They watch and work beside stenographers, bookkeepers, clerks, and employees in every category. They confer with supervisors and department heads, and learn what qualities

and skills the bank seeks in potential employees.

Then the teachers return to the classrooms to instruct their students in practical, bank-tested ways of doing things. The result is that, when their students appear as job recruits at the Valley Bank personnel office, they have already had their "basic training."

The plan helps the high school graduates of Phoenix to prepare themselves for jobs. It helps the bank's personnel department to line up first-rate applicants. And it makes good teachers even better.

Teachers Enthusiastic

Interestingly enough, it is the teachers, rather than the bank or the students, who are the plan's most enthusiastic boosters. Take Vivian Phillips, an instructor in secretarial studies, from Phoenix Union High School.

"Unless a high school teacher has worked her way through college," Mrs. Phillips told me, "the chances are she has had little practical business experience. And there are some things I learned this summer that aren't covered by the books."

First among these things, Mrs. Phillips lists the importance of accuracy over speed. In high school typing courses she found that speed and accuracy were considered of about equal importance. At the bank, she found supervisors content to let speed develop in time, so long as work is absolutely accurate.

As a teacher of typing and shorthand, Mrs. Phillips was particularly interested in the bank's stenographic department. Here, under the supervision of the department head, the teacher was treated exactly like a new employee. She was shown the various forms, methods, and machines used by the bank.

Then she was "promoted," and permitted to dictate letters, which were transcribed by bank employees as she watched. Since many high school graduates start in the bank's stenographic department, Mrs. Phillips and the other teachers encountered some of their former students.

The teachers saw mistakes made by their own past students, and then discussed with supervisors ways of improving future students in the light of the bank's experience.

Mrs. Phillips emphasizes the down-to-earth techniques she can teach her students. But the Valley Bank course has its broader aspects, too.

Some of them are mentioned by John D. O'Neill, a teacher at Tucson Senior High School. He is an instructor in business law and consumer education.

Mr. O'Neill believes that, as a result of his in-the-bank training, he is in a position to teach his students the proper use of consumer credit. He feels the course prepares teachers to show students how to conduct themselves in everyday living, as well as on the job.

Instalment Loan Training

Like the other teachers, Mr. O'Neill saw the inner workings of consumer credit in the bank's instalment loan department.

Here, they were first given the department's specific requirements for job applicants. Next came a discussion of such subjects as dealer lines, appliance and auto financing, and the differences between secured and unsecured loans.

A tour was made of the workroom, where the name of everyone who has ever received a Valley Bank instalment loan is recorded.

In some cases, teachers were permitted to sit in on routine instal-

(CONTINUED ON PAGE 124)



GOVERNMENT BONDS

MURRAY OLYPHANT



LAST month we suggested that the nearly \$8-billion of 2 percent bonds which mature on September 15 presented a tough problem for the Treasury Department. Perhaps recent developments have altered this situation even if only slightly.

Opinion continues to expect that the refunding will be a split offering, with the Treasury attempting to lengthen maturity somewhat by making the longer-than-one-year issue definitely attractive. What such an offering might be is anyone's guess, but at least a 2¾ percent coupon would have to be used, even for four years or less.

The market, however, seemed to believe that the Treasury would come up with something worth while, as a premium of 3/32 or 4/32 was bid for the maturing bonds.

The desirability of some maturity extension is emphasized by noting that, as of August 3, \$85-billion of the debt matured in one year or less, as compared with about \$56-billion last year at the same time. Any part of the nearly \$8-billion which can be extended would be a step in the right direction, especially as \$10.5-billion of 2½ percent certificates must be refunded on December 1.

However, the situation now gives some indications of turning in the right direction.

Market Decides Federal Reserve Meant What It Said

As July ended and August began, the monetary and financing developments had all been of an encouraging nature to holders of Government securities. Perhaps the most encouraging was very definite evidence that the policy of the Federal Reserve authorities (which had been clearly stated when the reserve requirements of the member banks had been lowered) was no flash in the pan, but was a carefully considered fundamental program "directed toward the general objective of keeping the supply of credit and money adjusted to the needs of a *growing economy*," as stated in the *Federal Reserve Bulletin* for July.

As all the economic figures continue to show that the "economy" is still "growing"—although at a more moderate pace—this statement tended to remove lingering fears of a renewal of credit restrictive measures. Such reserves as the banks might need to care for the seasonal demands of business were obviously to be provided as well as those required to permit the banks to take their share of the new Government issues which would be needed to finance the Treasury deficit for the balance of the year.

So far this policy of supplying the necessary reserves

has been implemented by Open Market Committee purchases of Treasury bills and the reduction in the reserve requirements of the member banks. About \$1.2-billion of bills was added to the Federal Reserve portfolio, while a similar amount of reserves was freed by the lowered requirements.

As a natural result, the previous credit stringency was materially eased. The member banks were able to reduce their borrowings from the Federal Reserve banks so that for several weeks their reported excess reserve positions were greater than loans, discounts, and advances.

Successful Offering of Tax Anticipation Certificates

In addition, the banks were able to make the expected heavy subscription for the cash offering of 22 percent tax anticipation certificates. An amount of \$5.9-billion was finally allotted against total subscriptions for nearly \$8.7-billion. All subscriptions to and including \$100,000 were allotted in full. Larger subscriptions received 67 percent of the amount asked for, but not less than \$100,000. Nonbank subscribers accounted for close to \$2-billion of the total subscriptions.

In subsequent weeks demand for these tax anticipation certificates continued from nonbank sources, so that transfer of ownership from banks to corporations seemed to be taking place. The demand was sufficient to develop a premium of 3/32 or 4/32 for the certificates. This was not surprising, as the privilege of using the certificates for payment of taxes on March 15, 1954 (one week ahead of maturity), at 100 and accrued interest to maturity on March 22 gives a bonus of 3/64 to taxpayers.

Almost 100 Percent Rollover for August 15 Maturity

Again when refinancing the \$2.8-billion of 2 percent certificates which matured on August 15, the Treasury gave generous terms. A rate of 2½ percent for a one-year maturity (a rate universally recommended by the market fraternity) was obviously attractive. It had to be, because of the necessity of holding cash attrition to an absolute minimum, since a severe drain on the Treasury cash position is threatened for the balance of 1953.

Ample opportunity was given to subscribe, as the books were held open for three full days until Friday, August 7. As the new issue promptly sold at a premium of 3/32 or 4/32 while trading on a "when-issued" basis, there was little reason for anyone to retain the maturing certificates for cash payment. The final figures, showing that slightly more than \$2.7-billion of the new

2% certificates were allotted, demonstrate that the terms of the offering were successful in producing the desired result.

A More Healthy Market

For the whole month of July and the first week of August there was pretty consistent price improvement both for the intermediate and longer-term Government bonds. On top of the rise which occurred in June—tabulated in last month's article—price increases of from $\frac{1}{2}$ to $\frac{3}{4}$ of a point were registered. From the low for the year, early in June, prices for the longer issues have risen from $3\frac{1}{8}$ to $3\frac{5}{8}$ for both the $2\frac{1}{4}$ percent and $2\frac{1}{2}$ percent bonds maturing from 1962 to 1972. The $2\frac{1}{4}$ percent bonds 1962/59—a good bank maturity—seemed to be in real demand. The $2\frac{1}{2}$ percent now bank-eligible bonds maturing in 1967-8-9 also rose enough to indicate that investors were beginning to feel that yields of not far from 3 percent on Government bonds and at discounts of $4\frac{3}{4}$ to $5\frac{5}{8}$ points were worth taking.

Early in August the $3\frac{1}{4}$ percent bonds 1983/78 finally broke through the supply of offerings from original speculative subscribers and managed to reach 100%, at which price the yield was about 3.21 percent. It would not be surprising if this issue continued to be added to some of the larger investment funds, with perhaps some possibility that insurance companies may before long find some spare buying power which could well be placed in this issue.

The rise which occurred in June looked like a rebound from too low and frightened a level and was certainly helped along by some covering of short positions in a thin market. The continued rise in July looked more healthy, more like recognition that the worst had been seen and the fears of further inflationary developments to be accompanied by higher costs for money were not justified. The signing of the armistice in Korea strengthened this attitude. If the armistice does not immediately promise much *reduction* in defense costs, it nevertheless almost assures that these costs will not *increase*. The possibility of some slowing down in the tempo of business cannot be overlooked. Any evidence of such a slow-down would most certainly not justify further credit restriction.

As a natural consequence of all these factors, market opinion during the past six weeks seemed to become more optimistic and even quite bullish in some quarters.

The Debt Limit Dilemma

As of August 3 the U. S. public debt was slightly over \$272.7-billion. Under the Second Liberty Bond Act as amended, the total debt is limited to \$275-billion. About \$600,000,000 of debt obligations is not subject to the limitation. Hence, until the law is further amended the Treasury can now issue only about \$2.8-billion more debt obligations.

The cash needs of the Treasury for the second six months of 1953 have been variously estimated as between \$10- and \$13-billion. Since June 30 about \$6.5-billion has been raised, chiefly by the issuance of Treasury bills and certificates. This leaves between \$3.5- and \$6.5-billion more, possibly, required before December 30.

(CONTINUED ON PAGE 128)

Investment Markets

H. EUGENE DICKHUTH

SEVERAL dozen new issues by states, municipalities and corporations have been postponed or cancelled in recent weeks, either because underwriters did not bid for them or because the borrowers found the prevailing interest rates too high and they refused to accept the bids made.

There was a tendency among corporations, particularly those committed to a long-range expansion program, such as the utilities, to engage in short-term bank financing in the meantime, hoping that bond yields would drop still further and terms would become more favorable.

These recent borrowings showed up in the weekly official bank statements without mentioning any names. Offsetting this development were some large corporate capital issues which enabled industries to pay off their bank loans.

Among the notable secondary offerings which were brought on the market recently were 400,000 common shares of Dow Chemical Company out of the estate of Grace A. Dow.

Another out-of-the-ordinary event in the investment markets was a ceremony in New York at which Fritz Schaeffer, West German Finance Minister, appointed National City Bank and J. P. Morgan & Co., Inc., depositories of validated prewar dollar bonds of the Bonn Republic. Bond validations are to begin about September 1. Estimates are that about 100,000 Americans hold \$370,000,000 of such dollar bonds.

In line with the usual summer doldrums, over-all new financing in July showed a decline. Stock issues were the lowest since December, while bond offerings were the smallest in four months.

Stock flotations offered to the public in July were \$34,730,000 for 10 issues. This compared with \$82,115,000 representing 18 issues in June. For the seven months of the year, 93 stock issues worth \$492,289,000 were marketed, against 121 issues worth \$733,147,000 in the corresponding 1952 period.

Utilities dominated the stock underwriting scene in July with more than \$24,000,000 followed by industrials with about \$8,500,000. The corresponding 1952 figures were \$27,137,000 and \$25,111,000, respectively.

Bonds publicly offered in July aggregated \$645,450,000, representing 84 new issues. This compares with \$785,136,000 for 97 issues in June.

While last month's bond flotations were the smallest since March, new bond offerings so far this year were the largest for the period since 1926.

In the seven months ended July 31, 674 issues of new obligations worth \$5,117,656,000 were brought to market. This compares with 542 bond issues, worth \$4,864,448,000, in the comparable period last year.

State and municipal offerings topped the July offering list with \$449,205,000, against \$146,337,000 in July 1952. They were followed by new public utility liens totalling \$81,900,000, compared with \$60,000 in July 1952.

All told, the issue markets are in a relatively satisfactory state. At least, they are much more stable now than several months ago when uncertainty over Treasury policy was rampant.

Big Business Is Banking on Main Street

The Triangular Relationship of Banks and Corporations

JOHN B. MACK, JR.

The author is president of the Mack and Irwin Advertising Agency, Freeport, New York. He was formerly deputy manager of the American Bankers Association in charge of the Advertising Department. This is the second and concluding article.

THE relationship of large corporations with banks might be likened to a triangle. At the base is the corporation, with its structure of factories, branches, sales offices, and other units in various parts of the country.

One side of the triangle is formed by local banks serving small business units in each community.

The other side of the triangle is large city banking, providing highly specialized services to the head office and city branches of the business.

The apex of the triangle is the correspondent banking system.

The importance of this banking triangle to large national concerns can be appreciated better when it is realized that these companies often have accounts in 500, 1,000, or more individual banks. The Metropolitan Life Insurance Company alone, for instance, has 3,700 bank accounts in some 2,500 banks. So important is the banking relationship that, according to Eugene A. Schmidt, Jr., treasurer of this company, several members of the headquarters staff "call on our banks and field offices with a view towards improving relations and informing them how they can be helpful to each other."

In the August issue of *BANKING*, under the title *Big Business Is Banking on Main Street*, we discussed some of the ways in which local banks serve the local units of large corporations. We also took inventory of the types of information that large business concerns might convey to the banks, with benefit to all.

The following article presents some additional suggestions made by officers of large corporations as to how banks can be of service to them. There are also some suggestions for improving the communication between business and the banks.

Payroll Information

A practical form of local bank service is in the area of employee compensation. In the words of Mr. Lange, vice-president of Cutter Laboratories of Berkeley, California:

"Where a company has a specific payroll question or problem (including information on prevailing rates of pay classified by types of industry and type of job, usual holidays observed, shift premium practice, etc.) it would be helpful to be able to turn to a bank for suggestions, and perhaps the arrangement for a contact with someone qualified to help. Banks know the companies they serve and may be in an excellent position to suggest information sources that would otherwise be unavailable."

Mr. Lange also made two other interesting suggestions that seem practical. One is that "local banks might encourage and invite employees of depositor companies to seek information from the bank on

personal financial matters." He points out that many people would prefer to go to a personally disinterested bank, instead of to friends or business acquaintances, for answers on personal matters.

His other suggestion is that "banks should hold open house from time to time and invite attendance by representatives of the companies they serve, as well as potential customers." By this means the banks could make their services better known and explain more clearly how they might help a specific business.

Suggestions and Ideas

Above and beyond the regular call of banking duty are those activities that help a depositor corporation obtain profitable new business. It is probable that banks generally do too little in this area of help. I have written a few corporation treasurers have stated that their local banks have made few if any suggestions of a business development nature. Most executives of national corporations seem to feel that their local banking connections are satisfactory from a banking efficiency angle. But, as one treasurer put it, "perhaps they (the local bankers) are too conservative to come forward with suggestions and ideas in our field."

However, it is the opinion of a good many businessmen that the banks can be of important assistance in a selling way. For example, E. B. Shuck, treasurer of Koppers Company, Inc., Pittsburgh, Pa., had this to say:

"Most forward-looking companies want to expand their sales or enlarge the scope of their business through the acquisition of new prod-

ucts or additional plant facilities. Many times opportunities come to the attention of banks long before they are generally known and the banker who is on his toes can bring them to the attention of those of his clients where they might be appropriate. For example, new ventures which are just starting, new sales outlets, opportunities to bid on construction work, or going concerns which wish to sell out or liquidate are matters in which most companies are interested."

The practical value of such special helpfulness by the banker was pointed out by H. S. Latham, treasurer of the Northern Pacific Railway Company, when he said:

"Practically all bankers are interested in larger balances, and most of them realize now that their helpfulness in expanding the volume of business for their customers eventually means larger balances for them."

The treasurer of one of America's largest corporations has stated that business development is the major factor in his company's relations with local banks. He said:

"Accounts are maintained with one main object in view. We hope to interest the bank in our commercial development of the area. We want a friend to help us."

The experience of this great corporation is that most banks provide the desired cooperation and helpfulness. But some banks still stand back and wait to be asked for this or that service before doing anything constructive.

Economic Education

It is not a new idea that banks should help "sell" the free enterprise system to the public, and defend our way of life against the attacks of communists and socialists. But the conception of such education as a service to business customers of the bank is somewhat unusual, even though perfectly logical.

George Mackenzie, treasurer of the Pacific Power and Light Company, suggests this for consideration by bankers:

"Banks and bankers can do as much as, if not more than, any other group in maintaining the private enterprise system that has made them what they are today, and my plea

would be for the banking industry to stand militantly against any effort on the part of the Government to overturn our free enterprise system."

H. C. Moore, Jr., treasurer of the New England Gas and Electric Association, has a similar point of view:

"A major area in which banks can be of invaluable assistance lies in the field of public relations. I refer particularly to the constant encroachment of government in the field of business. . . . The banks can contribute much help in this battle to preserve the free enterprise system and the American way of life."

Service Charge Criticism

In a series of personal interviews and mail contacts with corporation treasurers, one criticism of banks

has been made rather frequently. It has to do with the failure of some banks to make clear their service charge policies and procedures. Every bank would be wise to make sure that each business customer had a clear understanding of the entire subject of service charges. As one treasurer said: "We couldn't sell our products on such a vague price schedule."

Business-to-Bank Communication

Certain types of information are obviously of a confidential nature between a business and the banks where it maintains accounts. But there are other types of information that the large corporations could well convey to all of America's banks.

The banker, like the businessman, is hard pressed to keep informed (CONTINUED ON PAGE 134)

Telling about research (see page 135)



A MARK of lost accuracy

Precision metal parts can lose some of their precision as a result of an ordinary fingerprint. The moisture and acid outside the polished surface, interfere with smooth operation.

Gulf's new fingerprint remover eliminates this caused lost accuracy in precision-built mechanisms.

Called Gulf No-Rust FPR, it displaces fingerprint moisture on metal, neutralizes perspiration acid, and lays down a temporary rust-preventive film.

It helps safeguard such precision parts as ball bearings and gears for aircraft instruments, for example.

Gulf No-Rust FPR is typical of the many new and improved products developed by Gulf's modern research program to help industry step up production and reduce cost. This kind of leadership is an important factor in the industry-wide recognition of quality in Gulf products and dependability in Gulf service.

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The Country Banker



A.B.A.'s Special Program Planning Committee discusses plans for the Second National Agricultural Credit Conference in Chicago. Clockwise around the table: Messrs. Wayne, Cooke, Brown, Jamba, Savidge, and Axton

News for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

2nd National Agricultural Conference in Chicago

THE program for the second National Agricultural Credit Conference at the LaSalle Hotel in Chicago on November 16-18 is now taking shape, according to Nicholas A. Jamba, chairman of the Special Program Planning Committee of the A.B.A.'s Agricultural Commission. It will, he said, emphasize especially bank agricultural lending policy in 1954, livestock financing, and credit for young farmers.

Mr. Jamba, who is vice-president of the National Bank and Trust Co., Norwich, New York, in planning the conference program is assisted by a committee composed of: Ted P. Axton, president and treasurer, Lafayette (Indiana) Savings Bank; Robert G. Cooke, assistant vice-president, Industrial Trust Company, Providence; Edward A. Wayne, vice-president, Federal Reserve Bank of Richmond; A. G. Brown, A.B.A. deputy manager in charge of the Agricultural Commission; and Edgar T. Savidge, Commission secretary.

In providing for these annual agricultural conferences, it is the aim of the Agricultural Commission, which is headed by W. W. Campbell, president of the National Bank of Eastern Arkansas, Forrest City, to offer a program sufficiently diversified that it will appeal to full-time as well as part-time bank agricultural representatives and to city bankers who cooperate with correspondent banks in the agricultural area.

The principal attractions of the completed program will be carried in the next issue.

Federal Farm Credit Act and Timber Loan Act Digest

BEFORE adjourning Congress passed and the President subsequently signed two measures of interest to country bankers; namely, the Federal Farm Credit Act of 1953 (H.R. 4353) and H. R. 5603 authorizing national banks to make timber loans.

The American Bankers Association realized one of its long-term objectives in the provision of the Farm Credit Act which makes the Farm Credit Administration an independent agency. However, it will

continue to be housed in the Department of Agriculture and, with the consent of the Secretary of Agriculture, may utilize the services and facilities of the Department.

It also gives the President wider discretion in choosing appointees to the Federal Farm Credit Board and it requires the Board, within one year after appointment, to submit recommendations to Congress that will include means of retiring the remaining Government capital in the Federal intermediate credit banks, production credit corporations, central banks for cooperatives, and regional banks for cooperatives.

The A.B.A.'s longstanding position has been that agencies of the FCA which have Government capital should pay interest for the use thereof at a rate at least commensurate with the cost of funds to the Treasury. The franchise tax provision does not go that far, but at least it recognizes the need for eliminating Government subsidy in FCA agencies. The bill provides that the FLB, banks for cooperatives, and PCCs with outstanding stock should pay a franchise tax of 25 percent on net earnings after certain deductions have been made.

H. R. 5603 amends Section 24 of the Federal Reserve Act to author-

ize national banks to make loans on forest tracts. Such loans may be made in an amount not to exceed 40 percent of the appraised value of the economically marketable timber required as security therefor, and for a term not to exceed 10 years with minimum annual amortization of 10 percent of principal. Such loans in the aggregate shall not exceed 50 percent of capital and 50 percent of surplus.

Bankers, particularly those in the timber states, have repeatedly pressed for amendments that would permit national banks to make timber loans.

A.B.A. Suggests Sound Livestock Financing Procedure

IN a letter to the secretaries of the state bankers associations, J. C. Scarboro, president of the American Bankers Association's State Association Section, urged banks and state supervisory agencies to work together to keep the nation's livestock producers on a sound financial basis.

Mr. Scarboro, secretary of the Colorado Bankers Association, Denver, urged the associations to embark on an educational program to keep the bankers in their states fully informed on the livestock situation. He suggested that the needs of livestock producers might be discussed with bank officers and directors at the association's group meetings this fall and winter, and that the subject might be emphasized at state association schools when they hold their annual sessions.

"Although there has been improvement in the livestock market during the past few weeks, unless this improvement continues, stockmen in some 20 states may be seriously affected this fall when livestock loans become due," the letter said. "Banks having livestock loans should be prepared to deal with this problem with understanding if the situation becomes serious."

The letter noted that the A.B.A. had met with representatives of the FDIC, the Comptroller of the Currency office, and the Federal Reserve Board, and that "all Federal supervisory authorities are sympathetic with this problem and have agreed to cooperate fully. If this is a problem in your state, we suggest that you take this matter up with your

state supervisory authorities, asking cooperation similar to that received from Federal authorities."

Along with the letter, the A.B.A. sent a copy of its presentation of the problem and its suggested solutions as given before the Federal authorities. The presentation makes clear that the chief concern is the livestock "producer." It emphasized that the banks are not suggesting, nor do they want, "any relaxation or leniency in bank examinations. We realize the responsibilities of supervisory authorities in their examination of the nation's banks," it says.

The A.B.A.'s suggestions to the supervisory authorities call for every bank examiner to be fully informed as to the scope and seriousness of the livestock problem and suggest that all supervisory authorities consider establishing uniform standards of evaluating loans on livestock, with paramount consideration being given to quality of animal and type of location.

The A.B.A. letter urges that bank examiners and bankers alike have a thorough understanding of the overall livestock situation, not only the problems of the individual bank and its customers, but also the livestock problem in its relation to the entire economy of the nation.

New Forestry Folder

AVAILABLE upon request to the Agricultural Commission of the

American Bankers Association is a new folder prepared by the Commission entitled *Forestry Projects for Local Bank Sponsorship*—a supplement to *Trees and Bank Accounts*.

Among the projects enumerated and explained are: Fire protection, tree planting, better cuttings, general (distribution of films, leaflets, etc.), young people (free seedlings, school plantings, forestry reference books for school library, county thinning contests, and free trip to state forestry winner in 4-H projects).

Farmers Turn to Sprinklers

WITH droughts doing serious damage in many sections, bankers are becoming more and more interested in irrigation systems that can be operated simply and relatively inexpensively.

The Bank of Houston, Missouri, calls attention to an article in July *Capper's Farmer*, written by P. L. Hamilton and entitled: "When It's Dry—They Put on a Rain!"

The story tells about the equipment, methods, and results obtained last summer by two Missouri farmers who turned to sprinkler irrigation.

"Faucetlike control of water," said Mr. Hamilton, "helped Elmer E. Romines, Texas County, bring in a bumper corn crop through the dry weather. He started pumping from Big Piney River the middle of June (CONTINUED ON PAGE 114)

Farm Counties Lead Cities in Bond Sales Increase

THE percentage increase in the sale of E and H Defense Bonds was much greater in a selected group of 238 farm counties than in 32 specified metropolitan counties, according to recent announcement by the Market Analysis and Report Section

of the Treasury Savings Bond Division.

The study included two or more metropolitan counties and 10 or more farm counties in each of the 48 states. The farm counties studied are those used by the Bureau of Agricultural Economics in preparing nationwide estimates of Savings Bonds holdings by farmers.

A brief digest is given below:

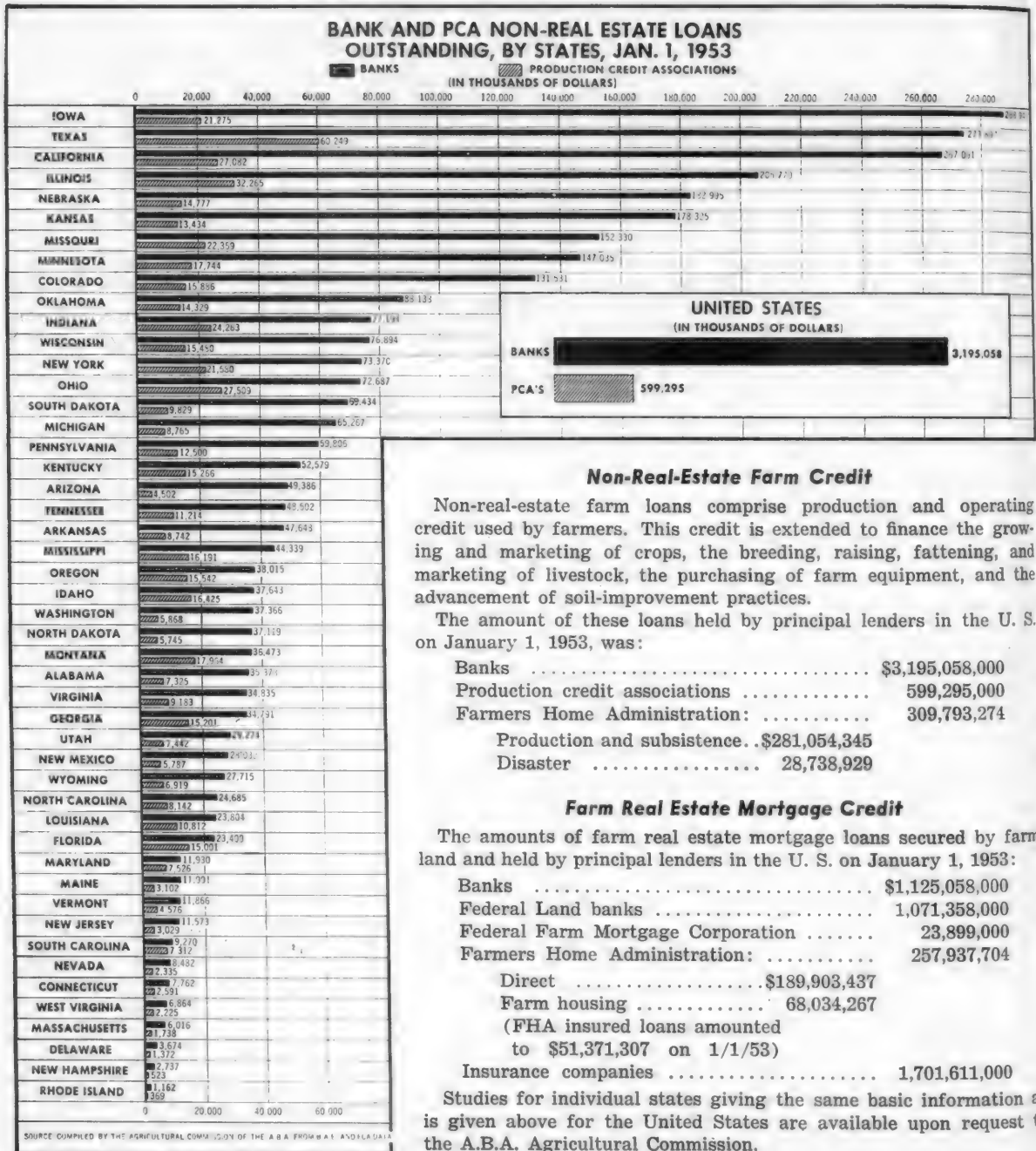
(in thousands of dollars)

| | Jan.-May 1953 | | | Jan.-May 1952 | % Change E and H 1953 over E 1952 |
|-------------------------------|---------------|-------------|-------------------|---------------|--|
| | Series E | Series H | Series E and H | Series E | |
| 32 Metropolitan Counties..... | 320,183 | 34,069 | 354,252 | 269,451 | +31.47% |
| 238 Farm Counties | 33,381 | 7,971 | 41,352 | 24,077 | +75.75% |

Banks Lead in Meeting Credit Needs of Farmers

THE banks of the nation are the largest lenders to farmers for their credit requirements. At the beginning of 1953, the farm debt held by all banks amounted to \$4,320,116,000. In addition, the sum of \$725,563,000 in Commodity Credit Corporation loans to farmers was held by all banks in connection with the Government's farm price-support program.

According to a special tabulation by the Federal Deposit Insurance Corporation, 12,505 of the 13,422 insured commercial banks in the United States served agriculture by making credit available to farmers in 1952. This is approximately 93 percent of all insured banks which had agricultural loans outstanding on December 31, 1952.



Storm Warnings on Farm Debt

JOHN I. SMITH

The author is farm representative of the First National Bank of Fayetteville, Arkansas.

HUNDREDS of thousands of families now living on their farms in America face an extremely difficult period in the next decade if certain trends toward heavy farm debts continue.

The farmers who experienced the inflationary period of World War I and toiled out the debts during the depression have not forgotten. They have done well; they have paid their debts and they have accumulated \$21.5-billion in cash reserves, but they are now retiring.

For a while it looked as if World War I was destined to be remembered as a debt-making period for farmers and that World War II would prove to be a debt-paying period. Clearly enough the farmers paid on their debts through the entire active World War II period when credit was restricted and consumer goods were rationed. By January 1, 1946, the farm debts had sagged to \$7.8-billion, the lowest figure since 1914.

The shooting and the restraints ended together. New owners are unfamiliar with the previous rise and decline of farmer fortunes. They have experienced nothing which warns them.

Rapid Increase in Debt

Since January 1, 1946, a rapid increase in farm debts has been taking place. The debt increase per year has been:

| Year | Increase (In millions) |
|------|---------------------------|
| 1946 | \$ 466 |
| 1947 | 753 |
| 1948 | 2,125 |
| 1949 | 1,190 |
| 1950 | 442 |
| 1951 | 1,343 |
| 1952 | 1,751 |

The total increase of \$8.1-billion since January 1, 1946, has brought the farm debt to \$15.9-billion as of January 1, 1953. This figure is

Mr. Smith, left, with Farmer Elo Michaelis, a Hereford breeder near Fayetteville, Arkansas



rapidly approaching the World War I farm debt of around \$17-billion. Unless warnings are heeded the farmers will push their debts to a higher level.

The farmers need to study what happened to them with their World War I debt load. Those who made obligations on cheap money waited for the return of cheap money with which to repay.

Debt of Farmer Phillips

During the depression Farmer Phillips was unable to pay a Federal land bank loan which he had contracted in 1918. He discussed the matter with me (as the collector) quite earnestly. I asked him, "Why did you not pay this debt in the Twenties when cotton was 20 cents, and you were making money?"

"Well," stated Mr. Phillips, "You think that 20 cents is a good price for cotton. It is, and I could have paid the debt then, but I made this debt on 40 cent cotton. I just waited, thinking that cotton had to come back."

Mr. Phillips never paid the debt. His enthusiasm and youth were gone, and his farm had depreciated. I found that his philosophy was held to by a great majority—to pay when comparable prices returned. The depression came instead, and many farmers just gave up. Those owning thin equities just stepped out and forgot the incident. The debt-free man came through all right still

owning, at the very bottom, the same farm and having about the same purchasing capacity.

The man who had paid about half the cost of his farm, stock, and equipment was particularly hard hit. The man with a \$50,000 debt on a \$100,000 layout actually had nothing more than the one with a \$5,000 debt on a \$10,000 layout. That is, by the time prices dropped a half, both men would be on the exact zero point.

World War I Debt

The \$17-billion farm debt of World War I was only partially paid by the farmers in cash. A lot of the unsecured debts were lost by the creditors. A lot of the secured debts were wrung out of the farmers through foreclosure. The first great wave of foreclosures came in 1924-25. After 1930 the foreclosure rate stepped up to a higher tempo. The crest was reached in 1933 when over 100,000 farms were foreclosed. In all, over \$1,300,000,000 farm mortgages was foreclosed between 1921 and 1941, which period covers the entire foreclosure stretch. It is estimated that there were nearly that many more distressed sales which were negotiated by the farmers to secure some cash for their equities and to prevent the stigma of foreclosure. This "wring-out" affected over a third of our farm population.

The farmers are now in a period of steep price decline—a period in which money is lost. Farmers lost

the most money in 1914, in 1920, and in 1930. These were years in which prices broke. Cotton farmers lost more money in 1930 on 10-cent cotton than they lost in 1932 on 6-cent cotton. Disaster overtook them before they realized that a new price level had developed.

Educational Work Needed

Educational work is needed in this critical period. Commercial banks, through the close personal contacts they enjoy with farmers through their deposit accounts, hold a strategic position with farmers and can encourage them toward debt reduction. Fortunately there are several routes which farmers can take in eliminating their obligations.

The indebted farmer who owns more land than he can handle needs to sell land. The farmer who owns two farms with a debt on each of them needs to sell one and pay for the other.

If a farmer has only reasonable debts—under a third of his assets—he can well afford to try to dig out by production. Those with ability, experience and health can afford to purchase fertilizer, veterinary supplies, or insecticides and with proper precaution can expand in stock and land, all to increase income for debt payment.

Good labor income has developed demands for a great variety of quality farm products. The farmer who adds a few specialty crops to his program often finds that a few acres make him as much as a whole farm of staple crops. The most valuable acreage on any farm is the central or front five or ten acres used for truck, garden or poultry. One of our larger farm clients recently stated, "You never know when you will make money out of specialties—almost never when you think you will—but I will never farm without them." The beef cattle farmers of the South are finding that a few specialty crops and a few houses full of poultry often make them as much money as a whole range full of cattle.

Specialty farming demands high yields and quality products. The tomato industry was lagging behind in northwest Arkansas and losing markets with yields of only four tons per acre of poor quality tomatoes. However, the farmers of Pea Ridge, Arkansas, proved that over 10 tons of top quality tomatoes could be

profitably produced per acre by applying all the lime, manure, and fertilizer that the college of agriculture recommended and by following other proved cultural practices.

Low Expenditures Vital

The most important of all business principles for the indebted farmer in these declining years is not high income but low expenditures. M. G. Lewis, an outstanding grape grower of Washington County, has often spoken of good gross income from grapes. When questioned about the value of "gross income" as compared with "net income" he replied, "Give me some gross, and I will save some of that gross. Some of it will just stick to me." His plan was simple—cut expenditures, sell a lot and spend a little. That plan will always leave something in the hands of the operator.

More farmers each year are combining commercial employment (part time and full time) of one or more members of their families with farming. During depressions these people are the most stable in our economy. They pay for their places and live well. They are never on the bread lines. Commercial employment of farmers is on the increase and will enable many to pay their debts.

Farmers in the depression lost heavily through debts that matured only interest for a time and then, after about five years, ballooned on them with a maturity of all the principal. Five equal annual payments of the principal along with the interest would have been better. Ten semi-annual payments or 60 monthly payments, preferably the latter, would have been better still. "A debt that comes due five years away," stated one of our farm clients, "looks very small at the time we sign the note but it looks as big as a freight train when the due date rushes upon us."

In climbing the farm ladder from the position of a hired hand or a tenant to that of a debt-free owner of a complete farm production unit, more than five years are needed in the last step of paying for the farm. There is a psychological handicap, however, in terms that are too long. To pay just interest for 10 or 15 years becomes a habit and is extremely unsound. In 1933 one farmer presented me with receipts for just interest at 10 percent dating back exactly 10 years. He had never fig-

ured that the creditor would ever want his money, and I could not have figured that either if I had not seen a depreciated farm.

Long-term lending institutions, Government institutions included, have even had unhappy experiences with payment of farm loans of 30 to 40 years in length. They matured too little of the principal in the earlier years when both the farm and the farmer were younger and more able to produce for principal reduction.

Amortization a Must

Few farmers should contract debts that they cannot immediately begin repaying on some kind of gradual basis, preferably on a monthly or quarterly basis. If a farmer does not have a gradual income throughout the year he should set about building the kind of program that will provide it. Diversified farming with specialties—several irons in the fire—something to sell throughout the year—is the final test of good farm management.

The present high level of farm prices has existed in only three previous periods of our national history—during World War I, during the Civil War, and during the War of 1812. It would be foolish to assume that these prices could be maintained for long in the absence of military purchases. The economic storm will be on our breakfast plates the morning after we fall asleep to its dangers and feel that it will not come.

The storm warnings have gone out. Farm prices declined in the first quarter of 1953 around twice as fast as the prices of the things the farmers buy. The parity ratio was 93 as of April 1953, which was the lowest since 1941. The fate of the indebted farmers lies in the hands of three groups. First, the educational forces must teach the farmers about the urgency of restraints—they must teach the farmers about the safe maximum debt load. Second, the lending institutions must advance only wise credit that will help farmers earn income and project them toward a debt-free condition. Finally, the farmers must help by avoiding additional large debts and by paying or beginning to pay their heavier debts now. They must accept the results of a falling market or they must face another "wringing-out" similar to the one which followed World War I.

Training Farmers to Use a Budget

RUSSELL B. STEWART

MR. STEWART is president of The Miami Deposit Bank of Yellow Springs, Ohio.

FARMERS are approaching another new era in their relations with their bankers. We have had about 20 years of uptrend in prices with most of it coming in the past 12 years and especially during the war. During this period many marginal farmers lifted themselves to a much higher level and others just went in debt more and more.

Barring a new enlarged war other than an ordinary defense program, there seems to be plenty of indication that a profit squeeze for the farmer is developing rapidly. The cattle feeders took the worst beating in the past year. Other prices seem to be fluctuating rather violently in the past year or so.

Banker Must Be Alert

This means that the banker who is handling the borrowing needs of a farmer will have to be alert to keep from getting caught in a situation. Some of the main difficulties we may have to meet include:

- (1) Lack of inflationary or support policies from the Government.
- (2) Farm surpluses developing as a result of better production methods.
- (3) Continued high cost of farm implements, supplies, and labor.
- (4) Lack of sufficient farm acreage for the owner to get enough volume of production to make a profit on narrow margins.
- (5) Weeding out of all of the poor operators who are still loaded with heavy debt and who were not able to reduce debts before the inflation in farm prices ended.

The country banks, generally speaking have never been able to train the farmer to present statements of profit and loss, as this was expected only from businesses employing a regular accountant. The average farm loan has been made on either tangible security or financial statements of condition, or both. Today the statement of condition or security is often not

enough. Farmers just do not know their costs and usually find out what they have spent at the end of the year. Many who have not been able to reduce their debts rapidly tell the banker that as soon as they reach a certain expected higher level of operation they will then be able to pay more on their debts.

In order to make sound loans and to help the farmer learn to face the facts, we have developed a simplified farm budget form which enables us to look ahead with him and see what is going to happen in the coming year or for any given period of months ahead. Even without great accuracy in this budget, it is amazing how enlightening such a study can be and how it can help avoid financial pitfalls.

While we have been trying to discuss budgeting informally with our farm customers for some time, it has been only in the past year that we have developed this form of budget. For a number of years we have carried the estimated income budget by months on our agricultural statement. This has helped materially in getting borrowers to think of specific monthly income.

Using this type of budgeting, one

farmer who really was not in need of much credit decided it was foolish to go ahead on his farm of less than 200 acres. He saw that he had only two alternatives. He could increase his investment considerably by going into dairy farming or he could go out of the farming business. He has decided on the latter.

Another case was one in which the loan had been criticized by the bank examiners and classified because the man did not seem to be getting ahead and the loan was getting a little old. By working out this budget we decided the man was going to be able to come out satisfactorily and we are going to continue with him.

Struggling Marginal Farmer

Still another case was a rental-paying marginal farmer who had been struggling for several years with loans from the bank and from the Production Credit Association. By using the budget principle, we agreed on a program with the PCA to force liquidation so he could change his operation and get out of debt. He was one of those large majority of farmers who cannot believe the facts until they are very

(CONTINUED ON PAGE 126)

This illustration shows a section of each of the three pages—Estimated Income, Estimated Expense, and Cash on Hand and Debt Totals—in Mr. Stewart's budget. Each page provides space for entries for the 12 months in the year and totals

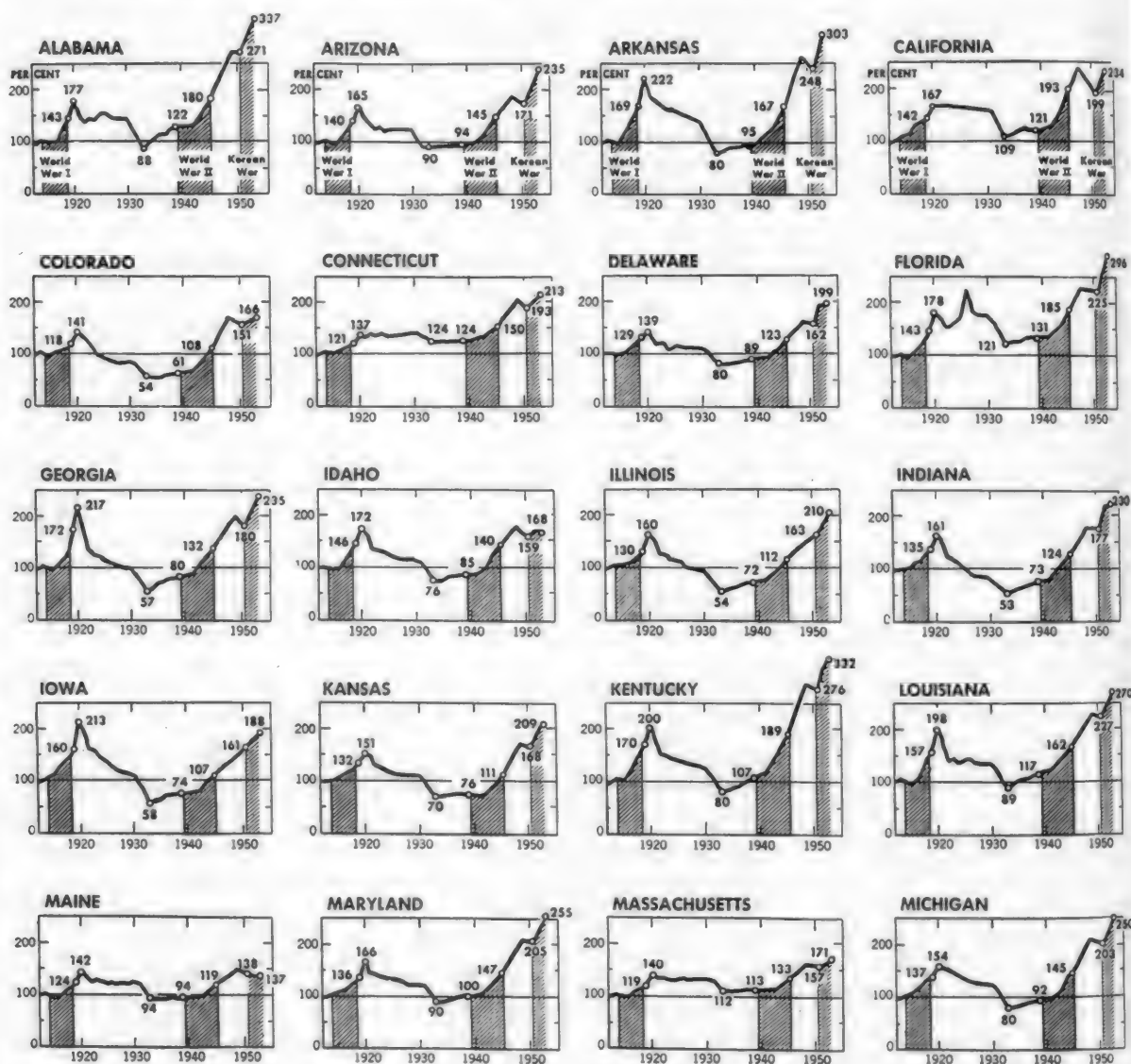
| Page 1 | | | Page 2 | | | Page 3 | | |
|-----------------------------------|------|--|-------------------------------|------|--|------------------------------|------|--|
| FARM BUDGET | | | FARM BUDGET | | | FARM BUDGET | | |
| Cash Received From: ESTIMATED IN: | | | ESTIMATED EXPENSE | | | CASH ON HAND and DEBT TOTALS | | |
| LIVESTOCK | JAN. | | LIVESTOCK TO BUY | JAN. | | | JAN. | |
| 1. Cattle | | | 1. Cattle | | | 1. Total Income | | |
| 2. Hogs | | | 2. Hogs | | | 2. Total Expense | | |
| 3. Sheep | | | 3. Sheep | | | 3. | | |
| 4. Horses | | | 4. Horses | | | 4. Cash Gain | | |
| 5. Chickens-Turkeys | | | 5. Chickens-Turkeys | | | 5. Cash Loss | | |
| 6. Eggs | | | 6. | | | 6. | | |
| 7. Milk | | | 7. OTHER EXPENSES | | | 7. Bank Bal. Beginning | | |
| 8. | | | 8. Corn | | | 8. Add gain or Sub. loss | | |
| 9. | | | 9. Feed & Supplement | | | 9. Bal. or Shortage | | |
| 10. | | | 10. Seed | | | 10. Need to borrow | | |
| 11. CROPS | | | 11. Fertilizer | | | 11. Pay on all debts | | |
| 12. Wheat | | | 12. Lining | | | 12. | | |
| 13. Beans | | | 13. Baling | | | 13. FINAL BANK BALANCE | | |
| 14. Hay | | | 14. Combining | | | 14. | | |
| 15. | | | 15. Custom Farming | | | 15. | | |
| 16. | | | 16. Labor | | | 16. Bank loans beginning | | |
| 17. | | | 17. | | | 17. Subtract payments | | |
| 18. OTHER INCOME | | | 18. Repairs - autos | | | 18. Add new loans (above) | | |
| 19. Real Estate Sales | | | 19. Repairs - trucks & imple. | | | 19. | | |

Effect of Three Wars on Farm Land Prices

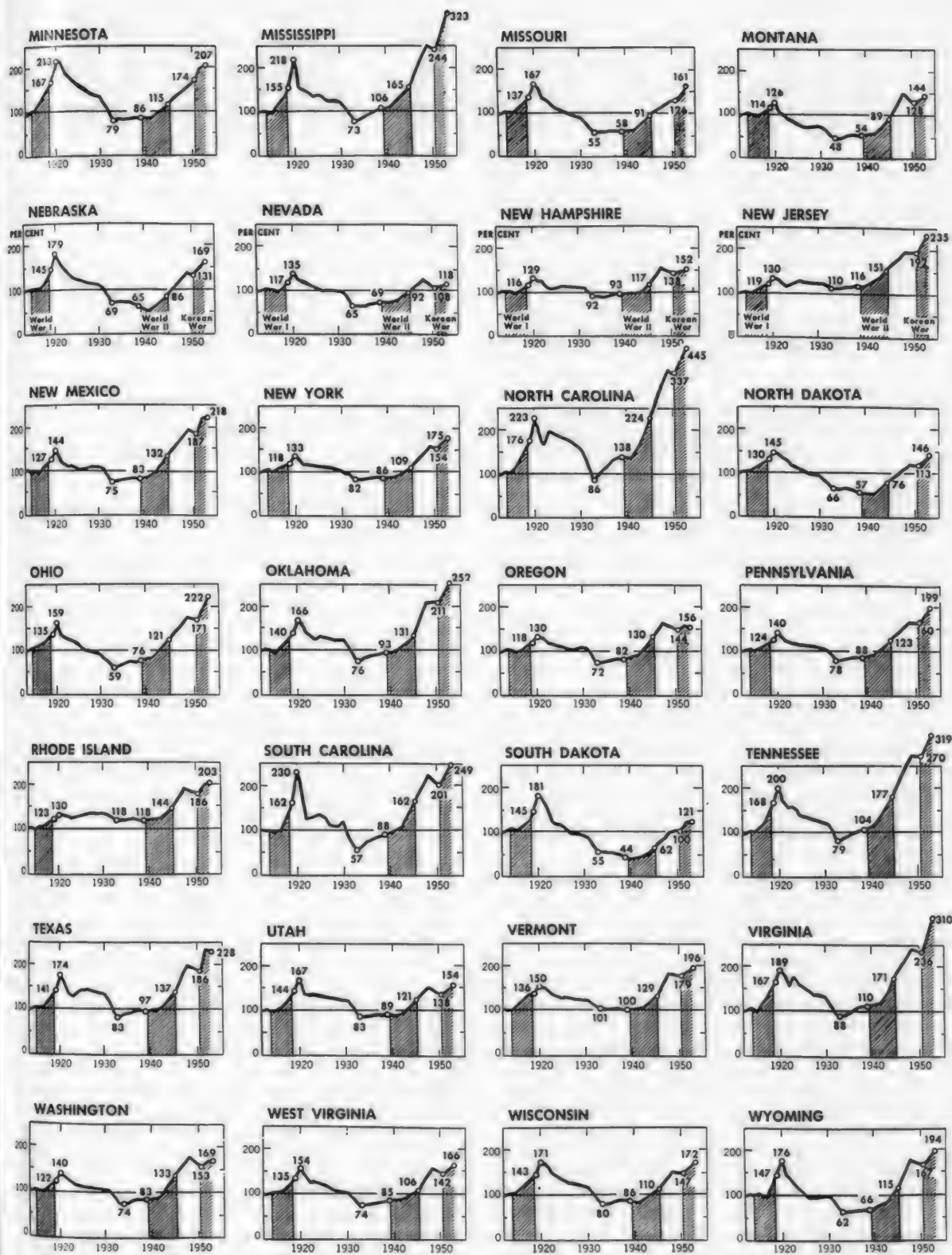
Index numbers represent average prices for each state in the U. S.
1912-1914=100

Farm real estate values showed some decline in most areas during the four months ending March 1, 1953. Although changes in about half of the states were 1 percent or less, significant declines occurred in 19

states, most of which were in the West. These downward trends are not shown in the A.B.A. Agricultural Commission charts below, which merely picture the effects of three wars on farm land prices.



Data are plotted annually as of March with the following dates indicated at small circles on each chart: 1919, 1920, 1933, 1939, 1945, July 1950 and 1953.
Prepared by Agricultural Commission from data of Bureau of Agricultural Economics.



Data are plotted annually as of March with the following dates indicated at small circles on each chart; 1919, 1920, 1933, 1939, 1945, July 1950 and 1953
Prepared by Agricultural Commission from data of Bureau of Agricultural Economics.

THE FAMILY DOLLAR

EARL S. MacNEILL

Vice-president, Irving Trust Company, New York

Basic Trust Services: EXECUTORSHIP (II)

IN last month's issue, we covered briefly the first seven steps that an executor under a will must take in performing his duties. We left the executor in a quandary, seeking to determine whether to file his Federal estate tax return as of the date of the testator's death or wait until precisely one year later, as permitted by the Federal law. If he waits, he can choose whichever set of values will result in the lower tax. Continuing the numbering, next step is—

(8) Having chosen the date, the executor files his return. There will be values stated on the return that the tax officials may challenge. This happens often where an interest in a closely controlled business is owned by an estate. It is the executor's duty to defend the values he has submitted and to litigate (but not foolhardily) any claims of higher value and any claims for taxes due on legal grounds—such as that gifts were made in "contemplation of death." Possibly, in the interests of prudence, the executor will compromise the claims.

(9) Next is payment of the tax. Sometimes this is relatively easy: The executor early in his administration may have made numerous sales so that now he is holding a substantial tax reserve—and let it be said here that the *timing* of sales poses some of the most difficult and important decisions an executor can be called upon to make. But perhaps the estate consists in large part of assets that cannot readily be sold. There may be slow work-outs, then, of properties lacking the magic ingredient of liquidity. Meanwhile the executor may have to borrow so as to avoid the piling up of interest and penalties on the tax. "Quite an honor to be an executor," reverse-Englises the bedeviled one, if he doesn't happen to be a trust company, which makes a business of being executor.

(10) Once the taxes are fixed and paid, then ordinary debts may be safely paid.

(11) Now the executor can start on the function that means so much to the people named in the

will: the payment of legacies. Until funeral and administration expenses, debts, and taxes are paid, the executor pays legacies at his own risk. Legacies fall generally into four main sorts:

(a) "Specific" legacies of things: personal effects, jewelry, the automobile, household furnishings, collections of books, etchings, or postage stamps. Specific devises of land belong in this category. (Purists use "devise" where real estate is concerned and "legacy" with reference to money and miscellaneous things.)

(b) Legacies payable in dollars out of some specified fund; or in property out of some specified holding. These are called "demonstrative legacies" and are relatively rare.

(c) General "pecuniary" legacies; that is, legacies payable in dollars from no specified source. These may be either outright or in trust.

(d) General "residuary" legacies—"all the rest, residue and remainder," in the rolling language characteristic of wills.

Nor is this function of the executor bereft of pitfalls. There are problems of identification, both of property and of the people qualified to take. Some legacies may have been adeemed—that is, the item specified may have been sold or given away prior to death. Others may have lapsed—the legatees had died meanwhile. A legal question then: Do heirs of the deceased legatees take in their place? The answer may lie in the phrasing of the will, or in the phrasing of the statutes.

BUT discussion of Step 11 has been overprolonged. The executor pays the lesser legacies, down to the residuary. There are many miscellaneous things he must do, too. But now we—and he—must go on to—

(12) That is, the executor must file an accounting in the probate court. (This is not true in all jurisdictions or in all cases. Sometimes it is merely necessary for him to get receipts and releases from all interested parties.) In this proceeding, all

creditors, devisees, and legatees are entitled to appear, and the court will appoint an attorney as "special guardian" to represent infants (under 21), or persons mentally incompetent, or classes of beneficiaries contingent or unknown. This special guardian will scrutinize the actions of the executor with a magnifying glass, making sure that his wards' interests have not been neglected or ill-served.

The purpose of the accounting is to gain the executor a formal discharge. No problem, if no objections, or the objections are not upheld. But if some lapse or fault of the executor has caused loss to the estate, then he may be required to make good the loss out of his own resources.

(13) In the accounting, the executor will be allowed his compensation; the charges of his attorney will be fixed or approved; the executor will be directed to distribute the residuary estate (or the balance of the residuary, if payments have been made on account) in such manner as the will directs.

(14) Likelihood is that the residuary estate is to be held in trust. Probability is that the executor is also trustee. So he puts on another hat and as trustee receives from himself as executor whatever he is entitled as trustee to receive. He is now committed to a new set of functions—those of trusteeship. These will be the subject of the next article in this series.

Definitions: "Contemplation of Death"

SAYS the legal encyclopedia: "*Contemplation of death*. An apprehension of death from some present disease or other impending peril, but not referring to that general expectation which every man entertains of death as an ultimate termination of his career." Let's see what has happened to the definition:

This is the way it used to be: Alec Broadacre is dying. True, he is dying slowly, so that the family has had time to come from the outlying counties and gather by his bedside. Picking from the documents spread before him, he makes his gifts. To his wife, a deed to the home and a bill of sale of its contents. To the oldest son, his principal farm and to the younger sons lesser, outlying properties. There's a town house for the daughter; friends and servants are remembered. Look at this little drama, now, through the eyes of the tax collector. If only assets that passed by will (or by intestacy, in the absence of a will) were taxable, there would be no tax at all. So the law attached this connotation to gifts made "in contemplation of death," that they are subject to estate taxes just as if the giver had owned them when he died.

THEN came problems of degree. How long before a man died could "contemplation of death" be attributed to him? A man in his seventies, but in perfect health, might make substantial gifts today and die of an unexpected heart attack tomorrow. Certainly his gifts weren't "in contemplation." A much younger man might be dangerously ill, make large gifts, recover and live for many years longer. Concededly, "apprehension of death from some present disease" had motivated his gifts. Then there was the matter of *chronic* disease—the kind one "enjoys" for a long time but doesn't expect to die of. And probably doesn't. There was a good chance

that "contemplation" wouldn't be attributed to such an ailment.

So the definition grew in complication. Age, state of health, state of mind, extent of participation in business affairs, eagerness for participation in fun—all such matters entered into the definition. And there was always the matter of *expressed* intention, assuming the expression to be genuine and not a mask to conceal tax-minimizing motives.

Then the tax laws sought to cut through some of the confusion by creating *presumptions*. If a gift was made within two years of death it was presumed to have been made in contemplation of death; and unless the representative of the estate could establish by "the weight of evidence" that the decedent's intent was keyed to expectation of continued living then the gift would be taxed as part of his estate. If more than two years had elapsed, "contemplation" wasn't presumed—but still might be proved. Steadily the court decisions went against the taxpayer, until finally the U. S. Supreme Court held that a dominant desire to save estate taxes was of itself sufficient to stigmatize a gift as made in contemplation of death. A long way, this, from "present disease" or "impending peril"!

Litigation clogged the tax courts and distinctions became so fine that certainty in planning became impossible. Relief was granted by the Revenue Act of 1950, which did away with the two-year presumption and substituted a conclusive three-year presumption against the Government. That is, if a giver survives his gift by three years his motives become immaterial—the gift *cannot* be taxed as part of his estate, whatever the circumstances.

There still remains the three-year period immediately preceding death. A gift within that period is presumptively taxable, but can escape on proof that its motives had their roots in expectation of con-

tinued living. A desire to reduce the burden of family income taxes is such a motive, so that gifts may be upheld as free of "contemplation" where the purpose was to spread income among lower-bracket taxpayers, such as children. Then there is the holiday season coming up—Christmas, notably. Traditionally it is the time for giving. Many families have established over the years a pattern of year-end distributions. Bank checks (special Christmas blanks supplied!), crisp new stock certificates, and red-ribboned trust agreements can be gay ornaments on a Christmas tree. This one suggestion is offered: If you are thinking of large year-end gifts, *do your planning early*. Your accountant, your lawyer, and the trust officer of your bank may all be needed to develop the details of your plans and carry them through to execution. Don't get caught in a year-end rush. The matter is too important for pell-mell hurry.

Tax Hint-of-the-Month

The \$5,000 That Goes Free

A PERSON buys life insurance; he dies; a specified amount is paid to the beneficiary named in the insurance contract. This amount is not taxable income to the beneficiary. Consider instead that a business corporation makes a payment to the widow or other dependant of an employee; is this taxable as income to the recipient?

There had been quite a little confusion on this score. Then the Revenue Act of 1950 added to the provision which exempted life insurance proceeds from income taxes a further exemption of amounts up to \$5,000 received "under a contract of an employer providing for the payment of such amounts to the beneficiaries of an employee, paid by reason of the death of the employee."

The confusion was not entirely resolved, for the Commissioner of Internal Revenue made public proposed regulations which indicated that the \$5,000 exemption would not apply to death benefits paid unless the fund from which payment was made had been accumulated specifically for death benefit purposes. The exclusion from taxable income would not apply, proposed the Commissioner, to payments to a deceased employee's beneficiary or estate of amounts primarily intended to be used to provide benefits for the employee *himself* at some future time if he had lived—for example, pension benefits. This proposal left much to be desired, for probably the bulk of death benefits payable under employees' benefit plans would come out of monies accumulated primarily for retirement purposes. It was not until June of this year that the Commissioner issued

his definitive regulations and these contained good news.

It is clear now that any qualified pension or profit-sharing plan (that is any plan approved by the Treasury under Section 165(a) of the Internal Revenue Code) automatically meets all the requirements for an "express contract of the employer." Death benefit monies need not be separately accumulated.

The exclusion is available regardless of whether the death benefit is paid in a lump sum or in instalments; if in instalments, the first \$5,000 is tax-free. If there is more than one beneficiary, the \$5,000 exclusion is allocated among the beneficiaries proportionately. If there is more than one employer, there is a separate \$5,000 exclusion applicable to each employment.

Note this, however: The exclusion does not extend to amounts which the employee had a vested right to receive if he had continued to live. Such amounts are not regarded as payments "by reason of the death of the employee."

The simplest example of this limitation is a profit-sharing plan under which, we will assume, employee Jones had a \$10,000 credit; and under the terms of the plan he had a vested right up to the moment of his death to withdraw not to exceed 60 percent of this if he should terminate his employment. Upon his death the \$10,000 was paid to Jones' widow as a death benefit. She can only exclude from her taxable income the \$4,000 that had not vested.



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THE NEW YORK TIMES
SUNDAY, JUNE 7, 1953

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By LEE F. COOPER

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An Executive Training Roundtable

BANKING'S "An Executive Training Roundtable," published in the August issue, was adjourned, because of space limitations, before the discussion was completed. DR. LEROY LEWIS, National Educational Director of the American Institute of Banking, who headed the panel, had two other questions to ask the members—and they were ready with their answers. But . . . we didn't have room.

Because of the widespread interest in the subject, we decided to reconvene the roundtable this month so that the discussion could be finished. The six participants are: THADDEUS C. COX, vice-president, Union Trust Company of the District of Columbia, Washington; ARTHUR S. GREINER, assistant vice-president, National Bank of Detroit; GEORGE E. LEVINE, assistant vice-president, Providence Institution for Savings; CHESTER C. LINCOLN, vice-president and manager of the personnel department, Security-First National Bank of Los Angeles; HARMON C. MARTIN, assistant cashier, The National City Bank of New York; and FRANK F. RISSO, vice-president and personnel relations officer, Bank of America NT & SA, San Francisco.

DR. LEWIS is again the leader.

A Curriculum

LEWIS: Well, gentlemen, BANKING has asked us to reconvene so that we can discuss for its readers the two questions that had to be omitted from last month's roundtable.

The first is: "If the A.I.B. should develop an Executive Training Certificate, what studies should be offered in the course?"

I might add that your answers will be particularly helpful to those of the Institute family who, like myself, are deeply interested in developing the banking education program to its fullest extent.

George Levine, will you start the discussion?

LEVINE: I would include the following studies: Human relations, personality development, supervisory skills, job skills (including training in basic accounting and statistics), merchandising, advertising and sales promotion, business affairs (local, national, international), communication (speech and letter-writing training).

A top flight executive must have a very broad knowledge and understanding of banking and allied subjects. The above should help make him a complete business statesman.

LEWIS: Thanks, George. Now, Harmon Martin . . .

MARTIN: I would like to see the A.I.B. offer certain types of courses, not for a special degree, but as electives that would count toward a degree. Those electives would encompass the fields of business management having to do with supervision, leadership, personality development, office management, work simplification, and the like. Some would be offered at the graduate level, or even at the forum level where small groups of bank people join for their own good in learning from each other and from group leaders specially developed by the Institute.

The number of candidates for such courses may be small, but they will be on a selective or appointive basis at the chapters. Why not bring such A.I.B. instructors into the banks? Or perhaps the Institute could provide "traveling consultants."

It would be interesting to make a survey of the banks, classified by size, to determine how many men are exclusively bankers and credit people, how many are specialists needing only a little knowledge of banking, how many are operating executives, supervisors or department managers. Not every bank executive is a banker. In some banks, for example, about a fifth of the officers are not "bankers" at all. Many well-paying opportunities in the management line do not lead to "banking" positions. If this is a typical condition, perhaps the Institute could study the possibility of giving instruction in leadership and administration.

LEWIS: Chet Lincoln, what do you think?

LINCOLN: The course should include subjects which will develop interest in broad economic changes resulting from political and international situations. Most bankers live too close to their desks and their loan pouches. At an early point in their careers they should acquire broader interests, with an alertness to the conditions of a changing world. They should be qualified to fulfill their historic role of community leaders. Courses in economics and political science should be high on the A.I.B. list.

Second should be a study of the management of people, often referred to as industrial relations. No bank can be better than the people who comprise it, and the individuals in an organization are inevitably affected by the spirit and policies of those holding the executive positions.

A.I.B. leaders, in selecting courses for executive training, should be able to get some good ideas from the graduate schools of business that confer the M.B.A. degree, such as Harvard and Stanford. Graduates of these schools have been coming into the business world for a number of years and have demonstrated unquestionably the value of their graduate training. They appear to have one quality in common: the ability to assemble and analyze the essential facts of a situation, leading toward sound conclusions. Their courses in statistical analysis undoubtedly contribute to this very valuable faculty.

Such courses might well be adopted for graduate work in the A.I.B.

LEWIS: A good job, Chet. . . Thad Cox has his hand up.

COX: Assuming that the person to be developed or trained has acquired the equivalent of a Standard Certificate, I recommend:

(1) Instruction in the use of these tools: supervisory training, job instructor and job methods training, job evaluation methods, performance or merit rating plans, personnel testing; (2) psychology (at least elementary); (3) human and public relations; (4) letter and report writing; (5) effective speaking; (6) speed reading and comprehension; (7) bank administration.

LEWIS: A good list. What's your comment, Frank Rizzo?

RISZO: The subjects chosen should point up problems of management, and should, to the extent possible, be presented from management's viewpoint.

Such subjects as human relations in banking, managing the bank's resources, and a bank's responsibilities to the community, stockholders and depositors would seem to be necessary. Public speaking should also be included.

LEWIS: That brings us to Art Greiner.

GREINER: I feel that beyond the Institute's present Graduate Certificate courses there is a place for specialized executive development work along such lines as human relations, personnel and management techniques, survey research methods, effective communication, responsibilities of leadership, and related subjects.

The Banks' Contributions

LEWIS: The other question before this adjourned roundtable, gentlemen, supplements the one you've just answered so capably: *What additional types of training should the banks themselves provide?* Want to start it, Harmon?

MARTIN: The A.I.B. cannot be all things to all banks. In fact, there are so many differences in size, traditions, personalities, and locations that each organization should formulate its own supplemental program to suit itself. For example, courses or case studies in credit developed by the bank's officers for group discussion; case studies in supervision—creating teamwork or job satisfactions, man-building techniques, successful disciplinary actions; group meetings at which top management explains the bank's problems and objectives; lecture groups that hear leaders in other businesses—all in a program of broadening the interests and knowledge of people inside the bank and of creating an intense professional interest among them.

LEWIS: George . . .

LEVINE: Banks can do a great deal by striving to develop the individual qualities of its executives and executive trainees.

Every effort should be made to keep this group well rounded, giving those who are interested in their own work and in other affairs of the bank, all available knowledge. Steps should be taken to provide a good general background, particularly in business problems and how to approach them.

These people should be taught how to think, how

to express themselves, and how to understand other people.

Also, banks should provide training in determining policy, in department management, and in staff and service direction.

LEWIS: Good suggestions, George. Frank . . .

RISZO: A bank could provide off-the-job training conferences, management news letters, individual counseling. It could also encourage participation in community affairs.

GREINER: It's important to note, I think, that neither an executive training program nor the Institute's assistance can be fully effective unless each man in management recognizes and accepts his full personal responsibility for developing executive trainees in his bank.

Once this personal responsibility is assumed, trainees get the type of training that is comprehensive, systematic and, above all, understanding. Thus the foundation is provided for an effective and continuing management succession organization.

COX: I'd say: (1) organized on-the-job training to develop knowledge of fundamental banking details; (2) instruction on bank policies as they apply to customers, the public, and the staff.

LEWIS: Those last three answers were compact and meaty. Anything to add, Chet?

LINCOLN: In some situations courses can be given in the bank, using picked officers as teachers and perhaps employing university instructors on a part-time basis for the more academic subjects.

Money would also be well spent in paying tuition for appropriate extension courses available at most universities. These should be courses not offered by the A.I.B., and they should require prior approval by the training director for the sake of control and guidance.

The records made in such courses will provide another index of merit.

Summer sessions at the graduate schools of banking have had excellent results in developing young executives. While it is not possible for a large bank to send all prospective executives to these schools, certainly those sent should be selected from that group.

Attention should be given by the bank to the personality development of staff members who appear to be headed for the executive ranks. Some people are born extroverts and will find their own ways into various clubs and associations. Others of high quality may be timid or non-gregarious. They should be encouraged to join a good organization such as a luncheon club or junior chamber of commerce. Associations of this kind will bring out undeveloped factors of personality, and of course will result in valuable business connections.

LEWIS: Gentlemen, again I thank you. You will be interested to know, I think, that the American Institute of Banking is holding this fall a series of conferences with bank management at which we shall ask, "What, in your judgment, should be included in a curriculum that is designed to build bank executives?"

I'm sure that management, like the participants in this highly informative roundtable, will come up with the answers.



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DESIGN AND CONSTRUCTION services are in constant demand by electric companies which provide dependable electric service throughout America. Ebasco handled the design and construction of the 375,000 KW Sunbury Steam Electric Station, shown above, for Pennsylvania Power & Light Co.



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There's a Job for Banking on TV

ROSS DONALDSON

The author is director of writing services of the National Broadcasting Company. He participates in the planning and preparation of network television shows.

WHAT kind of a guest will your bank be in the living-room of your community?

Some banks have already established television programs and many more are ready to do so when new channel allocation and expanded local facilities allow. American banking is alert to the values of the new communications medium which has changed the living habits and arrested the attention of growing millions of citizens.

What will the banks do to reach their share of the 24,000,000 receiving sets now in American homes (a number which may well double in another two years)?

Present Programming

A survey of the banks now using television indicates that the overwhelming majority have reported increased and improved customer relationships and that results are easy to check. These banks are almost equally divided in their basic intention; about half use television for

institutional advertising and the rest employ it for a more direct promotional purpose. They use news commentators, newsreels, both live and filmed musical talent, dramas, quizzes, live panels, interviews, sports reports, cooking, gardening and home repair formats, and the "spot announcement" which borrows its audience from the entertainment which precedes or follows it.

The emphasis on news and informational content reflects quick recognition of the suitability of a public service type of program to the position of the bank in the community. Happily, the news commentary, offered nightly and in short time segments, is not only reasonable, not only capitalizes on the hunger for headlines and significant facts, but allows for frequent airing and the opportunity to present a sequence of commercials to develop the whole picture of the bank's services.

The bank which finds a world news commentator unavailable or too expensive may turn to a short-time period of content of almost equal interest and value in the area.

Reporting of local or regional events, farm news, crop statistics and weather, vacation hints, fishing grounds, hunting, skiing or touring news, both consumer and stock market reports, and entertainment reviews will certainly be feasible program material.

Weather prediction features have served public utilities and insurance companies with short (30 seconds to five minutes) shows of popularity and great audience pull.

Some banks have chosen to schedule filmed material—drama, quizzes, sports, and newsreels—in an apparent effort to rise above the quality of locally produced programs.

A number of banks have, understandably, wished to identify themselves with locally produced talent and "their own show." This is admirable and healthy both for television and for the banking institution. The great inadequacy of locally produced shows in the first years of television stems from the desire of the sponsor or agency to present a carbon copy of an expensive and highly complex network program. Unless you have a Groucho Marx, John Daly, or Bennett Cerf in your community, don't try your own version of these tricky and expensive formats. Discover local talent which

The picture at the top of the page shows a 1946 broadcast over Philadelphia's TV station WPTZ, the first program sponsored by a bank as an advertisement. The sponsor was Philadelphia's Land Title Bank and Trust Company. See BANKING, September 1946.



How our business almost went to the dogs

... because we didn't have
Accounts Receivable Insurance

(A true story based on Company File #65B11528)

One cold February night, burglars broke into our office and carted the safe away. With it, they got our cash—and our records covering more than \$45,000 of Accounts Receivable!

The cash loss was no problem because we had a Safe Burglary policy. But we had recently turned down our agent's recommendation

of Accounts Receivable Insurance. Now—without it—how were we going to collect the \$45,000?

We were just lucky! A couple of youngsters found our demolished safe on a river bank, and our records scattered nearby. We got the books back. But we'd have been in a pretty mess if we hadn't!

Only good luck and two intelligent boys saved this company from a financial loss that might have put it out of business.

Do your customers count on being lucky, too?

Sound management rules out luck and calls for Accounts Receivable Insurance. Then in case of records damage caused by burglary, fire, water, storm, explosion or other hazards covered by their policy, they're protected against the loss of money owed them.

Accounts Receivable losses run into real money, but the cost of protection is remarkably little. For details, and the exact cost for *their* records, suggest that your customers call their Hartford Accident and Indemnity Company Agent, or their insurance broker—now.

Year in and year out you'll do well with the

Hartford



Hartford Fire Insurance Company • Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company • Hartford 15, Connecticut

intrigues your own people, personalities who have something to say to your community, and "gimmicks" which have regional value. Build a show around them which is good entertainment or valuable and compelling information.

The key to good television programming for the banks, as it is for any buyer of time, is: *capture and hold your audience*; don't duplicate or compete with "I Love Lucy" or Arthur Godfrey.

Commercial Content

More than half of the banks now using television time have bought spots. Those who have had success with this inexpensive advertising tool have begun to understand the science of planning concentrated and repeated sequential use of just 10, 15, or 30 seconds. Infrequent and poorly scheduled spot commercials will not sell a pound of coffee, to say nothing of the less tangible and more diverse services of a bank.

Great attention must be given in all commercial copy and promotional planning to the type of audience desired and being reached, frequency of message, identification of bank name, time of broadcast, integration with other program elements, accumulative effect of repeated airings and the scheduling of a carefully coordinated succession of messages to present the whole profile of the bank's services.

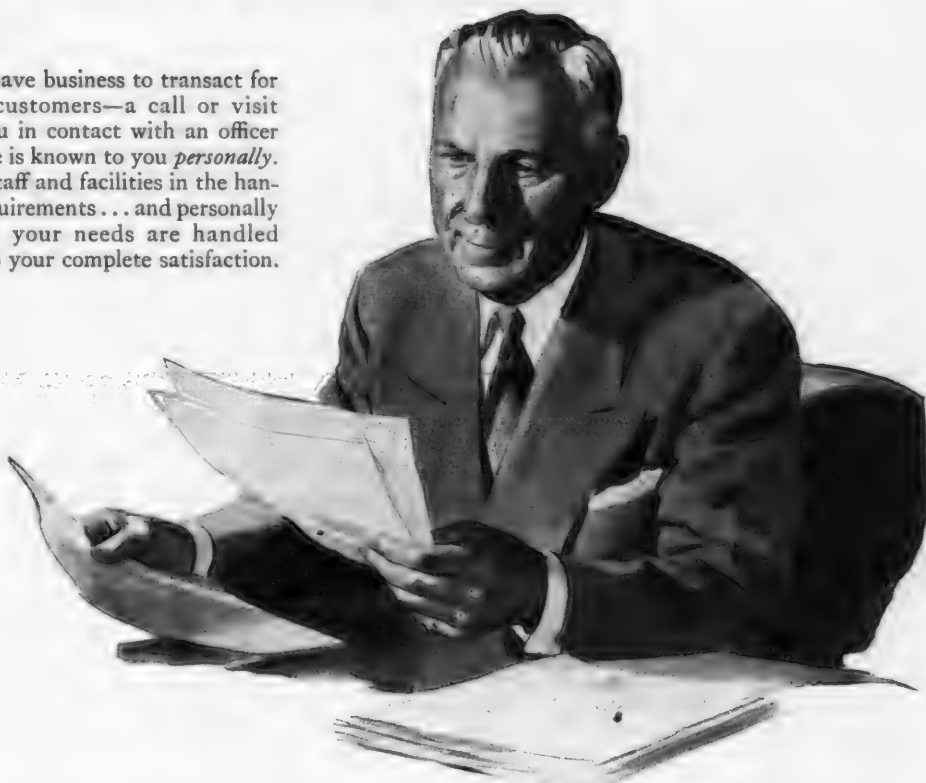
Make It Television!

The bank will wish its television face, exposed and turned to the public daily or weekly, to be as modern, efficient, and full of quality as the businesslike and protective banking service which it offers to the community. To attain this quality, make your television show entertaining, arresting, or highly informative. Avoid visually static television which appears to be photographed radio. Brighten both the program content and the commercial with action and movement in front of the camera. Design bank identification plaques, use a well-known symbol, picture, or locale of your bank to introduce program or spot. Avoid announcers talking into camera, with curtain background. Have your agency or public relations people work on visual presentations of savings, home mortgage advantages, the efficiency of checks, small loan

(CONTINUED ON PAGE 112)

Personal Contact...

Whenever you have business to transact for your bank or customers—a call or visit quickly puts you in contact with an officer of this bank. He is known to you *personally*. He directs our staff and facilities in the handling of your requirements... and personally sees to it that your needs are handled promptly and to your complete satisfaction.



The Northern Trust Company offers a distinctive, personal service to assist your bank in every financial requirement

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| ★ Complete facilities and services for you and your customers | ★ Assistance in making loans | ★ Advice on financing foreign trade |
| ★ Broad, fast collection service | ★ Credit information | ★ Purchase and sale of U. S. Government and municipal bonds |
| | ★ Investment research facilities | |
| | ★ Safekeeping service | |

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BANK LAW NEWS

Taxation—Bulk Sales—"Savings"

TAXATION UNDER 5219

Under This Section State Cannot Separately Tax National Bank Branches

IN Georgia, where the legislature in 1952 declared it to be the policy of the state that national and state banks be taxed alike, the Supreme Court recently held that in one instance, at least, the state may not tax national banks in the same manner that it may tax state banks.

The bank tax portion of Georgia's General Tax Act of 1927 provides that "no tax shall be assessed upon the capital of banks or banking associations organized under the authority of this State or the United States located within this State, but the shares of the stockholders of the banks or banking associations, whether resident or nonresident owners, shall be taxed in the county where the banks or banking associations are located, and not elsewhere."

This part of the law is unobjectionable, said the court, since it is in "complete accord" with Section 5219 of the U. S. Revised Statutes, which permits the state to tax national banks in one of four ways: (1) on their shares, or (2) by including dividends upon the shares in the taxable income of shareholders, or (3) taxing the banks upon their net income, or (4) taxing them according to or measured by their net income.

However, the bank tax portion of the General Tax Act also provides that "branch banks shall be taxed on the value of the capital employed in their operation." Holding that a tax upon a bank's capital is a tax upon the bank itself, not upon its shares, the court concluded that this part of the act not only "clearly contradicts" that part which provides that banks themselves shall not be taxed, but also runs afoul of Section 5219, which

does not authorize any tax upon a national bank's capital.

The court then offered the opinion that the second portion of the bank tax law would have been unobjectionable if it had been limited to state banks only. Since it was not so limited, however, the court held it void, stating that "although empowered by Federal law to do so, Georgia has enacted no valid law for taxing shares of stockholders of national branch banks."

The decision will be of more than passing interest in those states in which branch banking is permitted and national banks are taxed upon their shares. It is also interesting in the light of Act 587 of Georgia Laws of 1952, which provides that state banks shall be taxed on the same basis, in the same manner, to the same extent, and with the same immunities and exemptions as national banks. *Goodwin, Tax Collector v. Citizens and Southern National Bank*. Supreme Court of Georgia, No. 18210, June 9, 1953.

EXCESS PROFITS TAX

Court Construes "Outstanding Indebtedness Evidenced by Bills of Exchange" in Excess Profits Tax Law

IN California a fruit packer financed the marketing of its products in a common manner: When it shipped goods to a customer it drew a sight draft upon the customer payable to itself. The draft, with bill of lading attached, was delivered to the company's bank, accompanied by a deposit slip showing the amount of the draft as a deposit. The bank credited the company's checking account and charged its loan liability account accordingly, while the company in its own books charged its account showing cash on deposit in banks and credited its "discounted drafts" account. When the draft was collected, the bank charged the

company's account with interest for the time it had taken to collect it, and then retained the balance.

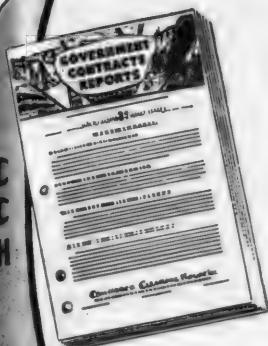
It came to pass that the Government claimed that the average daily balance of such drafts outstanding and unpaid during 1941 and 1942, when the wartime Excess Profits Tax Act was in force, should not be considered in computing the company's invested capital for the purposes of that tax. The Commissioner of Internal Revenue contended that amounts advanced upon the drafts were provisional advances rather than loans. He further contended that even if they were loans they were only partly evidenced by bills of exchange and thus did not qualify under the EPT Act, which defined "borrowed capital" as, among other things, *The amount of the outstanding indebtedness * * * of the taxpayer which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, or deed of trust, * * **

The court did not agree. The books of account of the parties treated the transactions as loans, interest was charged for the use of the money, and the company was obligated to repay the principal sums. The court granted that in order to prove the indebtedness it would be necessary to show that the bank agreed to extend credit, in addition to producing the sight drafts and the deposit slips. But, said the court, "it is equally true that in order to prove a debt secured by a mortgage, it would be necessary to show the existence of a promissory note, or some other supporting instrument." Thus, it said, "the conclusion is inescapable" that the amounts borrowed on the sight drafts represented "an outstanding indebtedness."

It is interesting to compare the
(CONTINUED ON PAGE 72)

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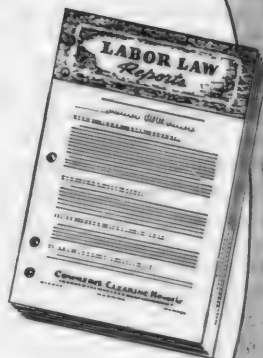
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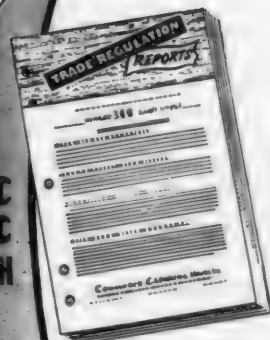
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(CONTINUED FROM PAGE 70)

above language of the wartime EPT Act with the present act which defines "daily borrowed capital" as, among other things, the amount of the outstanding indebtedness . . . of the taxpayer, incurred in good faith for the purpose of the business, which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, deed of trust, bank loan agreement, or conditional sales contract." Commissioner of Internal Revenue v. Hunt Foods, 204 F.2d 429.

BULK SALES

Form, Not Substance, Controls The Mortgagee's Rights

A DECISION of the U. S. Court of Appeals for the Second Circuit points out the advisability of complying strictly with the provisions of statutes governing mortgages upon stocks of merchandise in bulk.

Defendant bank, in good faith, took a mortgage from an appliance dealer to secure his note for \$6,000. The mortgage covered 34 appliances constituting nearly one-half in quantity and value of his entire stock of merchandise. The mortgage was the last of a series, wherein each mortgage took the place of a preceding one, and a prior \$6,000 note of the mortgagor was charged against his checking account in the bank, and a new note for \$6,000 less discount was credited to the same account.

In taking the last mortgage the bank failed to comply with a New York statute which requires that every mortgage upon all or any part of a stock of merchandise in bulk shall be void as against the mortgagor's creditors unless certain specified details of the mortgage and the mortgaged property are furnished to them. Six weeks later the appliance dealer went into bankruptcy and the trustee claimed that the mortgage was void under this statute.

The bank argued that compliance with the statute was not required because the mortgage was not given upon merchandise in bulk; the articles covered by it "were separated, counted, and identified by the trade name of the article or the name of the manufacturer, the model number and the serial number where required."

Furthermore, the bank argued, the court itself previously had declared that the purpose of the statute was the prevention of frauds upon creditors by putting a bulk mortgage on a stock of goods and making off with the proceeds. The transaction in question did not give the mortgagor anything with which it could "make off," the bank argued, since it merely relieved the mortgagor of the necessity of paying a prior note and left its checking account unimpaired except for the deduction from the new note of a 30-day discount.

The court was unsympathetic. It pointed out, first of all, that the statute does not require that a fraud in fact be perpetrated; it strikes down any mortgage, regardless of the party's good faith, unless the required notices are given. It is immaterial that no actual fraud was intended or effected, the court said.

As for the fact that the goods covered by the mortgage were described specifically, the court held that if such a listing could void the impact of bulk sales and mortgage laws, retail dealers might easily dispose of their entire stocks of merchandise without notifying their creditors.

The court then held specifically that when a mortgage covers a substantial part in quantity and value of a mortgagor's stock of merchandise, it is a mortgage "in bulk" and, accordingly, that the mortgage in question was void as against the mortgagor's trustee in bankruptcy.

Possibly for the benefit of future lenders who might consider compliance with bulk sales and mort-

gage acts burdensome, the court expressed its opinion that "devices other than chattel mortgages, such as purchase money mortgages, conditional sales, and trust receipts, are adequate to the business need without the risk, inherent in the kind of transaction here involved, of defrauding creditors." Davis v. Lawrence-Cedarhurst Bank, 204 F.2d 431.

USE OF THE WORD "SAVINGS"

NEW YORK'S Court of Appeals has upheld the decision of an intermediate appellate court to the effect that the state, in the valid exercise of its police power, may prohibit national banks—as well as state commercial banks—from using the word "savings" in conducting or advertising their banking business, even though they are permitted by Federal law to accept savings deposits. The decision is being appealed to the United States Supreme Court. People v. Franklin National Bank. Court of Appeals, New York, No. 81, July 14, 1953. (For previous decisions in the case, see "Bank Law News" for July 1951, February 1953 and April 1953.)

OPINIONS OF ATTORNEYS GENERAL

OPINIONS of attorneys general of three different states in recent months are of some interest:

Savings Banks in Nevada

The Nevada Banking Law provides that upon satisfactory compliance with the preliminary requirements of the law governing the chartering of new banks, the state bank commissioner "shall" issue a certificate of authority to conduct a "general banking business." This means, Nevada's attorney general has said, that the commissioner may not charter banks "for the sole purpose of doing a savings bank business."

Although ruling that all banks must be chartered to do a general banking business, the attorney general pointed out that, once chartered, any bank may, if it wishes, limit its business solely to that of a savings bank. Furthermore, he said, the commissioner is not without power to grant a limited license to an unincorporated business to carry on solely a savings bank



"I think I have a new angle for getting a raise out of you. Care to hear it?"

business. Op. A.G., Nevada, No. 259, 5/21/53.

S. & L. Safe Deposit

In Indiana the Financial Institutions Law gives to banks, trust companies, and savings and loan associations, the rights, powers, and privileges "as prescribed in this act." This means, Indiana's attorney general has ruled, that such institutions may exercise only such powers as are granted specifically in the act.

The act specifically permits banks and trust companies to operate a safe deposit business. It makes no mention of similar authority for savings and loan associations. Accordingly, the attorney general ruled, an association may not operate such a business, but, if it already possesses the equipment for it, it may lease the equipment to a bank or trust company. Op. A.G., Indiana, No. 41, 6/2/53.

City Ordinance re: C. W. F.

Florida's attorney general has ruled that a municipality may enact an ordinance making it an offense to pass a check without having sufficient funds on deposit to cover it.

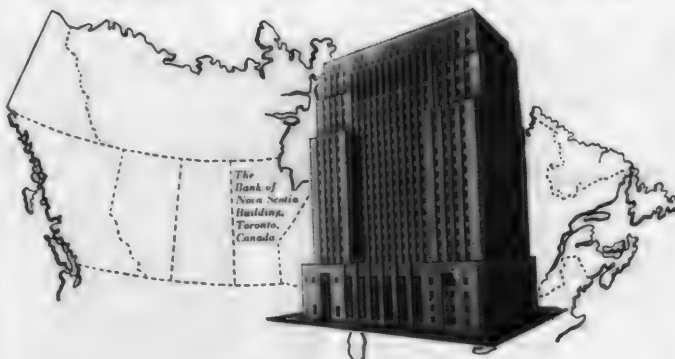
The city of Hollywood is authorized by its charter to do all things necessary or expedient for the general welfare, comfort, morals, and peace of its inhabitants, to make and enforce ordinances necessary or expedient for carrying these powers into effect, and to impose suitable penalties for violation of the ordinances. The general statutes of the state of Florida prohibit the passing of checks drawn against insufficient funds.

In so far as they do not conflict with its charter, the attorney general ruled, the city may by reference adopt the general misdemeanor statutes of the state as ordinances or, by direct ordinance, prohibit the same things prohibited by them. Op.A.G., Florida, No. 053-83, 4/14/53. JOHN RENÉ VINCENS

In Russia the women have the same freedom the men don't have.

Sometimes you wonder if we're wise to measure American birth control against the Chinese stork.

Canada offers you opportunity



**and here is the international bank
to help you
and your customers**

THE fastest growing nation in the world offers rich rewards to those who seek them. Whether your clients are interested in mining, oil, gas, manufacture or trade, The Bank of Nova Scotia can help them.

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In Dominican Republic: Ciudad Trujillo.
And correspondents all over the world.

Other Organizations

The news in this department is edited by WILLIAM P. BOGIE of BANKING's staff.

PR School in NY

THIRTY-SIX banking executives received certificates on July 31 from the Bankers School of Public Relations sponsored annually by the NEW YORK STATE BANKERS ASSOCIATION, in cooperation with Syracuse University. The special course consists of two summer sessions of one week's duration each at the University, with extension work between sessions.

Albert L. Muench, educational director of the School and secretary of the Association, told the bankers that they will be called upon to draw on their training "to disseminate to the press, educators, civic and legislative leaders complete details regarding the importance of commercial banking's position in the economy and the broad public interest."

He congratulated the graduating bankers for their enterprise in the self-improvement program in which they had engaged. Such effort, he said, "inevitably must result in the more widespread recognition of commercial banking's services in the broad public interest."

A feature of this year's campus session was the one-day Graduate Bankers Public Relations Seminar.



Albert L. Muench, secretary, New York State Bankers Association, opening the inaugural session of the Graduate Bankers Public Relations Seminar at Syracuse University. In the background are some of the exhibits presented in connection with a discussion on "A Case Study of a Bank's Advertising Program"

NYSBA President Stanley A. Neilson, speaking on the seminar program, offered a "Creed of Public Relations for Banking."

"I believe," he said, "that we face a challenge now as never before of interpreting banking to society."

ABW Meeting

"BROADER HORIZONS" will be the theme of the 31st convention and annual meeting of the ASSOCIATION OF BANK WOMEN, which will be held at the Shoreham Hotel, Washington, D. C., September 17-20. This con-

vention promises to be the largest in the history of this growing organization.

The convention will be opened on Thursday morning by the President, Ruth E. Sherrill, who is assistant vice-president of the First National Bank of Memphis, Tennessee. S. Winifred Burwell, assistant trust officer of The National Metropolitan Bank of Washington, is the general convention chairman, and she has announced the following program developed by the program chairman, Charlotte A. Engel, trust officer, National Savings & Trust Company, Washington, and her committee:

The first day will be devoted to business sessions, possibly followed by a special tour of the White House.

Catherine B. Cleary, who resigned last May as president of the ASSOCIATION OF BANK WOMEN to become Assistant Treasurer of the United States, will be one of the principal speakers. She will address the group on Saturday at the presentation of the Jean Arnot Reid Award, given each year to an outstanding woman graduate of the American Institute of Banking.

An important feature of the convention program will be the panels
(CONTINUED ON PAGE 76)



At the Central States Conference (see August BANKING, page 90) are shown, left to right, A.B.A. President W. Harold Brenton; incoming Conference President Carl A. Bowman, secretary, Kansas Bankers Association; and outgoing Conference President Carl G. Swanson, secretary, Nebraska Bankers Association



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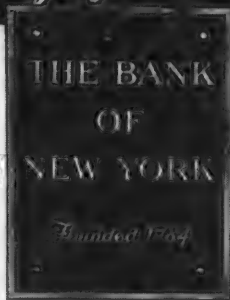
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Right, John D. Bainer, chairman of the Pennsylvania Bankers Association Educational Foundation. Left, Robert C. Forrey, its executive director. See story below



in which ABW members participate. The subject of the Friday morning panel will be "Economic Education," Sally M. Lanham, assistant cashier, National Bank of Washington, Fort Lewis, Washington, as moderator. Participants will be former ABW president Marion E. Mattson, assistant cashier, Northwestern National Bank, Minneapolis; nationally known economist, Elizabeth Harrison Walker; and Henryetta Carpenter, instructor in Family Life and Business Education.

A panel on Saturday morning, where banking problems will be discussed, will have the following ABW member speakers: Former ABW President Nancye B. Staub, assistant vice-president of the Morristown Trust Company, Morristown, New Jersey, who will talk on "Trust New Business"; Mildred N. Whitby, assistant vice-president, The National Bank of Olyphant, Olyphant, Pennsylvania, on "Problems of Small Banks"; and Elizabeth M. Quinham, assistant secretary, Rhode Island Hospital Trust Company, Providence, on "Personnel." Lois L. Neighbors, assistant vice-president, The National Bank of Commerce, Tulsa, Oklahoma, will act as moderator.

A final panel on Saturday morning will be a discussion of the association's activities. Sarah T. Arthur, of Irving Trust Company, New York, will be the moderator. Participating will be Mary A. Ralston, vice-president of the Association of Bank Women, of the First Wisconsin National Bank, Milwaukee, Wisconsin; Bee Bush, regional vice-president of the ABW and assistant vice-president of the Valley National Bank, Phoenix, Arizona; and Mary K. Hoyt, assistant secretary-treasurer, Montclair Trust Company, Montclair, New Jersey.

Dr. Kenneth McFarland, educational consultant and lecturer, General Motors, and educational director, American Trucking Associations, will deliver the banquet address on Saturday evening.

Sunday, at 12 noon, the new officers will be installed.

PBA Foundation

THE board of trustees of the PENNSYLVANIA BANKERS ASSOCIATION EDUCATIONAL FOUNDATION has named John D. Bainer, president, Merchants National Bank & Trust Co., Meadville, as chairman.

Mr. Bainer is also a member of the PBA Nominating Committee, a member of the Public Relations Council of the American Bankers Association, and a director of the Federal Reserve Bank of Cleveland. He has been active in the PBA for many years and was the originator of the state-wide "Know Your Bank Week" program.

The Board also appointed Robert C. Forrey as executive director of the foundation to administer its operation under policies established by the board. Mr. Forrey is director of publications of the PBA in Harrisburg. He has been associated with the PBA since February 1951.

FPRA School

THE FINANCIAL PUBLIC RELATIONS ASSOCIATION'S School of Financial Public Relations at Northwestern University began its sixth successful term on July 27. Robert Lindquist, chairman of the school's board of managers and vice-president, Harris Trust & Savings Bank, Chicago, announced that 56 freshmen entered the first-year course, and 50 returning seniors made up the second-year

class, which was graduated on August 7.

This professional school for bank advertising, public relations and new-business men began in 1948. It is held at Northwestern University's Chicago campus.

Prospective Executives

PROSPECTIVE bank executives in Illinois will begin a two-year course next October at the Vocational-Technical Institute of Southern Illinois University, Carbondale. This program of study will be known as the Illinois Institute of Banking, and will be sponsored by the ILLINOIS BANKERS ASSOCIATION and the VTI in Carbondale. The course will consist of two weeks on the VTI campus in each of two years. Classes will be held mornings, afternoons, and evenings during the fortnight-long sessions.

Trust Policies

A JOINT Conference Committee of the State of Delaware representing the Delaware State Bar Association and the DELAWARE BANKERS ASSOCIATION has adopted a Statement of Agreed Practices with Respect to Wills and Irrevocable Trust Instruments.

The committee also adopted the Statement of Policies previously set forth by the National Conference Group, a joint committee of the American Bar Association and the Trust Division of the American Bankers Association.

Pacific Coast School

THE PACIFIC COAST BANKING SCHOOL opened on August 24 with 245 enrolled for the two-week concentrated study course on various phases of bank administration, finance, and economics. The student body includes bankers from eight western states, Hawaii, and Alaska. A 3-year trust course has been inaugurated this year, directed by Victor R. Graves. Director of the school is Robert M. Mills.

More Schools

THE sixth annual session of the School of Banking at the University of Vermont will be in session for one week ending September 4.

(CONTINUED ON PAGE 125)

September 1953

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BANKING NEWS

Complete Short-Course Orientation Textbooks Now Available to Every Bank

Also New Graduate Text—"Home Mortgage Lending"—Is Ready

A complete program for orienting and training new employees will be available to every bank in the country this September when the American Institute of Banking rounds out its short course series for beginners with the introduction of a course for new or prospective tellers.

The new course, *The Bank Teller*, will put the finishing touches—at least for the present—on the program which began in 1951 with the publication of *You and Banking* and was continued last year with the introduction of *The Bank Bookkeeper and Proof and Transit*. With all four units now available, the Institute can offer an "introduction to the job" program that will apply to almost every new bank employee.

For each new employee, the program consists of two courses—*You and Banking* and the skill training course covering the department in which he is working or is about to work. In *You and Banking* the newcomer studies the banking business in general, all types of bank operations, and the place of banking in the economic world. In *The Bank Bookkeeper, Proof and Transit*, and now *The Bank Teller* he takes up only his own department, studies his job, develops the skills he needs on the job, and learns the place of his department's operation in the whole banking picture.

Three Ends in View

The short-course program was developed with three ends in view—to reduce the turnover of bank employees by interesting and training newcomers in their jobs before lack of understanding can make them dissatisfied, to increase the job skill of beginners quickly after they enter the bank, and to give the new employee himself the opportunities and advantages that a better understanding of his job will bring.

The program is the result of a study the A.I.B. undertook three years ago to determine how it could adapt its curriculum to aid banks in combating employee turnover.

So that the short courses can be put to the most effective use, the A.I.B. has departed from its traditional system of offering studies only through chapters and study groups. The textbooks for

Manual, "Public Relations Opportunities and Tools," Sent to Members by A.B.A.

Acquaints Banks With PR Tools Offered to Membership

With a view toward encouraging the nation's banks to broaden their individual public relations programs, the Public Relations Council of the American Bankers Association has published a new manual, *Public Relations Opportunities and Tools*, and has mailed it to every A.B.A. member bank. The manual was announced by Frank M. Totton, chairman of the Council and vice-president, The Chase National Bank of New York.

The 48-page manual is intended to aid banks in planning their public relations by acquainting them with the various tools available to them as part of their A.B.A. membership. Since over 98 percent of the banks in the United States are members of the Association, these tools and services are available to virtually the entire banking fraternity. According to Mr. Totton, "some banks are not making the most effective use of the A.B.A. public relations services simply because they do not know they are available. This book lists and describes in one volume all of the various public relations publications, services, and other tools that the Association can provide to aid in setting up or expanding a public relations program. It is

these courses can be purchased directly by banks as well as by Institute chapters. Another departure: The short courses can be offered at any time there is a need for them in any individual city.

While the short courses were being developed, the Institute also embarked on a program to strengthen "the other end of the curriculum"—the graduate courses. That program has been continued this year by the publication of a new graduate textbook, *Home Mortgage Lending*. Committees of bankers are now working on other new graduate texts which will be published within the next year or two, and the Institute is studying still further means of broadening and improving these highly specialized banking courses for more experienced bankers.

Additional facts about these texts may be found on page 82, July BANKING.

BANKING'S INDEX

BANKING's *Index* covering Volume XLV (July 1952-June 1953) is now being printed and will be available around September 15.

Copies of the *Index* will be mailed to school and public library subscribers upon completion and copies will be available to others upon request to Circulation Department, BANKING, 12 E. 36th Street, New York 16, New York.

designed to serve as a reference volume to be kept in the bank's permanent library as a constant reminder that good public relations is simply good bank management plus making effective use of available opportunities and tools."

The manual, in its first section, describes the goals and methods of good bank public relations, including the channels of communication that are available. It explains what the American Bankers Association is attempting to do through its public relations program, stating the goal of that program as "that the banks may know, that the public may know."

The manual then takes up the various departments of the Association which are directly concerned with public relations, explains their organization, and details the services and bank aids they have available. Included among the departments covered are the Public Relations Council itself, Advertising Department, Agricultural Commission, Country Bank Operations Commission, Customer and Personnel Relations Department, News Bureau, and the like.

Where the department has printed material available to aid banks—manuals, booklets, brochures, advertising mats, sample speeches on banking subjects, etc.—a detailed description is given of the publication. Where the department is particularly concerned with service, the type of suggestions and help it is equipped to offer is described. The manual is illustrated throughout with photographs of printed material, scenes from A.B.A. films, etc.

The keynote of the manual is given by Harold Stonier, executive vice-president of the A.B.A., in the foreword. In part, he says: "Use this manual as an opportunity and guide for promoting better public understanding of your bank and the banking industry."

State Bankers Associations Select 29 Members for A.B.A. Executive Council

Council Membership of 129 Includes Three Classifications

Twenty-nine new members have been elected by state bankers associations to serve on the Executive Council of the American Bankers Association for a period of three years. The Council, the Association's governing body, has three classes of membership; namely, elective, 91 members; appointive (by the incoming A.B.A. president), 12; and *ex officio* (officers, division and section presidents and vice-presidents, and commission chairmen), 26, totaling 129.

Two other states, Iowa and Kentucky, will select Council members at their October conventions. A vacancy exists in Michigan. The new Councilmen are:

R. D. Brigham, vice-president, Anglo California National Bank, San Francisco.

H. J. Mendon, vice-president, California Bank, Los Angeles.

Hulbert T. Bisselle, senior vice-president, The Riggs National Bank, Washington.

Harry Eaton, executive vice-president, Twin Falls (Idaho) Bank & Trust Co.

John H. Crocker, president, Citizens National Bank, Decatur, Ill.

Horace S. French, president, Manufacturers National Bank, Chicago.

Don H. Britton, executive vice-president and cashier, Citizens State Bank, Ellsworth, Kan.

Robert H. Bolton, executive vice-president, Rapides Bank & Trust Co., Alexandria, La.

Robert R. Duncan, president, Harvard Trust Co., Cambridge, Mass.

Gyles E. Merrill, president, Genesee County Savings Bank, Flint, Mich.

Guy S. Bacon, president, Empire State Bank, Cottonwood, Minn.

Russ M. Johnson, executive vice-president, Deposit Guaranty Bank & Trust Co., Jackson, Miss.

W. H. Naunheim, Sr., president, The North Side Bank, Jennings, Mo.

Stanley A. Neilson, president, Bank of Gowanda, New York.

John F. McNair, Jr., executive vice-president, The State Bank, Laurinburg, N. C.

G. H. Hernet, cashier, McIntosh County Bank, Ashley, N. D.

Paul M. Jones, cashier, Old Phoenix National Bank, Medina, O.

W. D. Finney, president, Washita Valley Bank, Fort Cobb, Okla.

John B. Rogers, president, First National Bank, Baker, Ore.

George C. Rutledge, president, Johns-

U. S. At Economic Crossroads, and Unless Costs Are Halted We're Headed for "Another Era of Inflation," Says Brenton

The United States is "at the economic crossroads," W. Harold Brenton, president of the American Bankers Association, told the annual convention of the Nevada Bankers Association in Las Vegas.

Speaking on "Responsibility for the Course Ahead," Mr. Brenton told the Nevadans:

"Unless we stop increasing over-all costs, including the cost of government, more rapidly than we increase productive efficiency, we surely will be headed for another era of inflation.

"In order to increase the value of the dollar and avoid deflation, the fruits of technological improvement must be shared with the consumer. The major obstacle to the achievement of that goal is the lack of understanding among the employee, the employer, and the consumer. In the labor-management problem, there is just not enough recognition of the other fellow's interests. . . .

"What has been happening? The rules have allowed labor to take a position where it could exact demands beyond its productive contribution. Government has financed exorbitant expenditures through excessive taxes and deficits. Generally speaking, business has been able to pass these excessive labor and tax costs on to the consumer and to add to its profits from savings made by improved management, greater production, and sales technology. The net of this is an inflationary spiral.

"Now, how do you suppose this process looks to the man-in-the-street with the fixed income? There must be some rules that will protect him, and his interests should be considered at the bargaining table.

"The consumer's position needs more consideration by labor and management. If rules are permitted that encourage

labor and capital to take more benefits than have been created through lowered costs, then the consumer is being discriminated against. Broadly speaking, over a period of time the benefits from improved technology should accrue to labor, capital, and also to the consumer if we are to maintain a stable dollar."

Christmas and Year-End Ads, Folders, Blotters Ready

Christmas and year-end newspaper advertising and direct mail promotional material now available from the A.B.A. Advertising Department includes:

"Photo-Bell" Christmas Club 4-mat newspaper ad series.

"Christmas Toys" Christmas Club 4-mat newspaper ad series.

Join Our Christmas Club Now blotter.

For Your Merry Christmas Next Year Christmas Club blotter.

Two direct mail year-end "thank you" folders—*A Word of Appreciation as the New Year dawns and Time to pause and say thank you.*

In addition, the Department also has a new bank-by-mail folder entitled: *It never rains but it pours—BANK DEPOSITS.*

Women's Clubs Federation Plans Forums Extension

The General Federation of Women's Clubs (to which the Association of Stock Exchange Firms, the Institute of Life Insurance, and the Public Relations Council of American Bankers Association are acting as consultants), reported in a recent issue of the *General Federation Clubwoman* that it aims to have a communitywide forum on family economics held in every town and city where there is a federated club.

The *Clubwoman* reports that 428 forums on finance were held in 25 states, many of them as special or regular club program and that 28 clubs report family finance and economic security as the subject of the year's study course.

Mrs. Brice Claggett, program and research director of the Federation, tells the A.B.A. that approximately 15,000 of the Federation's forum kits have been sent to its member clubs. The A.B.A. supplied several thousand copies of three publications—*Trust Service For You, A Woman and Her Bank, and What Women Should Know About Personal Financial Planning*—for the kits. Included in *Personal Financial Planning* is an outline of suggested points for discussion by a banker before a women's finance forum.

town Bank & Trust Co., Johnstown, Pa.

Frank Stemple, executive vice-president, First National Bank, Scranton.

Burnell Sloan, executive vice-president, First National Bank of South Carolina, Columbia.

A. D. Brockman, president, First National Bank, Kingsport, Tenn.

W. Guy Draper, president, First National Bank, Temple, Tex.

H. Roland Tietjen, executive vice-president, Monroe (Utah) State Bank.

William M. Lockwood, president, Howard National Bank & Trust Co., Burlington, Vt.

W. M. Early, Jr., president, National Bank of Orange, Va.

J. K. Palmer, vice-president, Greenbrier Valley Bank, Lewisburg, W. Va.

O. K. Johnson, president, Whitefish Bay (Wisc.) State Bank.

Eligible Paying Agents May Cash Matured Series F and G Bonds If Complying With Endorsement Procedure

The Treasury Department has revised its Circular No. 888 to permit eligible paying agents to cash matured Series F and G bonds as they do Series E bonds, but only if the agents do so under the endorsement procedure which guarantees the validity of the transaction.

C. Edgar Johnson, vice-president of the First National Bank of Chicago and chairman of the A.B.A. Committee on Federal Depository Functions and Fiscal Procedures, calls attention to the fact that this procedure, which eliminates the need for the bond owner to appear in person to cash his bond or for

the bank to send the bond to him for certification of his signature by some other certifying officer, has proved to be especially helpful to banks holding Savings Bonds in safekeeping for their customers and to trust departments that are holding Savings Bonds in custodian or fiduciary accounts.

Banks interested in this procedure can get full information from the Federal Reserve bank of their respective districts.

Mr. Johnson suggests that banks review the new regulation carefully so that they will not miss out on an opportunity for sizable savings.

New A.B.A. Members

New members of American Bankers Association in July:

Southwest Bank, Inglewood, Calif.; Cherry Creek Bank, Denver; Warrington (Fla.) Bank; Illinois banks—National Bank of Albany Park, Chicago, Park State Bank, Loves Park, Ottawa National Bank; Dupont (Ind.) State Bank; Bank of Livonia, Mich.; North Fourth Street Office, Albuquerque (N. M.) National Bank; Cottman Avenue Branch, Second National Bank of Philadelphia; Tennessee banks—Lebanon Bank and Bank of Oak Ridge; Virginia banks—Northeast Branch, First National Bank, Alexandria, and Collinsville Branch, Bank of Fieldale; Farmers & Merchants Bank, Cairo, W. Va.

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Indianapolis Freezer-Food Plan Protects Customer and Bank

G. SCHUYLER "SKY" BLUE, vice-president of the American National Bank, Indianapolis, recently told the Instalment Loan Conference of the Indiana Bankers Association about his bank's experience with freezer-food plans. Since there is so much interest in this field and so little bank experience available as a guide, BANKING felt that many readers would like to know of one bank's success with such plans while providing a real protection to its public. Consequently we reprint here some rather extensive excerpts from Mr. Blue's text.

Freezer and food financing by banks, relatively speaking, is a new and special type of instalment credit. It is fast becoming an important source of credit volume, and is proving to be a profitable and desirable segment of the instalment credit portfolio in many banks today.

Most banks have extended credit to purchase automobiles, but I doubt if any have agreed, at the same time, to finance perhaps 800 gallons of gasoline required to drive the automobile for a period of six months. That, however, is exactly what is done under a freezer-food finance plan, when the purchase of

a freezer is financed filled to the top with a \$300 six-month supply of frozen food. At first, this idea does not make good sense, but there is one important difference in the case of the freezer-food deal—the savings realized by purchasing \$300 of food at quantity discount prices *can*, and I use the word advisedly, *can* help to pay for the freezer; and no one will admit it is possible to pay for an automobile by buying gasoline for it. And, the more food purchased, the sooner the freezer could be paid for.

More and Better Food

In many cases this is possible, but experience has proved that most purchasers of home freezers eat more and better foods on the same food budget, but do not actually save much money with the plan. This is entirely up to the freezer owner; and, if he tries to make full use of the freezer, and will control his eating habits, I am convinced he *can* pay for the freezer with his food savings over a period of time. But I am afraid too many times he will not withstand the temptations of choice steaks on days which ordinarily call for hamburger.

Our bank's experience in handling freezer and food financing has been entirely satisfactory. We limit our dealing to only well established and responsible appliance and food dealers. We do not solicit dealers moving into the city to promote freezer sales, as we feel the present local dealers are quite capable of handling the entire freezer sales potential in Indianapolis. We refuse to be influenced by promises of sizable checking accounts, offers which permit the bank to hold back 15 and 20 percent of the dealer's proceeds as special reserves, agreements to collect all delinquent accounts, and other promises that make the deal appear very attractive to the bank.

We also insist that these dealers do not employ salesmen who use high-pressure or questionable selling methods. We strongly advise the dealer not to sell the freezer-food plan on the basis that the food savings will pay for the freezer.

We finance only brands of freezers that are made by well-known manufacturers of appliance products. The freezer must carry the manufacturer's guarantee and warranty against mechanical defects; and the

(CONTINUED ON PAGE 82)



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Instalment Credit News

(CONTINUED FROM PAGE 80)

customer must be given protection for a reasonable period of time after purchase, against food spoilage due to any kind of mechanical failure of the freezer.

We require the dealer, in selling the food plan, to use a source of high-grade meats and vegetables; and to arrange with this food source to allow the purchaser to reorder food at the same price discounts he was able to get on the original order.

The purchaser, to qualify for credit, must be a resident of the county, or may be a resident of a nearby town if he is regularly employed and has established credit in Marion County. He must be steadily employed the last five years, and have a take-home pay sufficient to meet all instalment obligations plus freezer-food payments. He must be a homeowner, or a permanent type of renter—occupants of rooming houses and temporary addresses are not eligible.

As to the operation of the plan, we finance the freezer and the food under one conditional sales contract. The maximum amount of food financed is \$300, and this amount should not exceed a four month's supply of food. We have found that, in a great many cases, a six month's food order runs short in four to five months; and, by buying four months at a time, the purchaser is better

able to budget his needs correctly. The total amount of food included in the original sales contract must be equal to three times the amount of the four month's supply or, in other words, it must equal a one year's order of food. Cash for the first four month's order is disbursed to the food dealer when the contract is purchased from the freezer dealer; and, at the same time, two non-negotiable food credit certificates are issued to the purchaser covering the amounts of the second and third reorders of food. After the purchaser has made four payments as agreed on his contract, the bank will redeem the first four months' credit certificate with a cashier's check payable to the purchaser *and* to an approved food dealer in the full amount of the certificate. The same procedure is followed after the eighth payment has been made.

Food Charge Adjusted

Original charges for the food financing are adjusted so that charges are made only for the amounts actually disbursed. For example, the charge for an annual \$600 order of food, divided into three disbursements, is calculated on a \$200 high credit for one year. In case the customer wants to prepay his account in full any time before a food credit certificate is payable to him, or for any reason he does not want to use the certificates when they become payable, we will apply the face amount of the

certificate to the balance due on his contract. If he should not need the entire amount of the credit due him on the certificate, when it becomes payable to him, we will credit the unused part of the certificate to the final payment on his contract. We will *not* redeem the certificate for cash. The credit *must* be used either to purchase food or be applied to his account. At the end of one year, if the paying record is satisfactory, we will set up a new personal loan in the amount of another year's food supply, and repeat the same procedure as in the first year.

We require a cash downpayment of 10 percent on the freezer and none on the food. The full downpayment must be paid by the purchaser by the time the food is delivered to his home, and before the contract will be purchased from the dealer. The maximum maturity is 24 months on the freezer, and 12 months on the food, as previously explained. We will not finance more than 90 percent of the distributor's suggested retail price of the freezer. No proceeds of the contract will be disbursed to the dealer until we have copies of the freezer and the food sales invoiced receipted for by the purchaser.

The Dealer's Repurchase Responsibilities

Our financing plan is with limited recourse against the dealer. We hold back five or 10 percent of

Forty-four executives of commercial banks, small loan companies, and sales finance companies participated in the first one-week Consumer Credit Management Program conducted by the Graduate School of Business of Columbia University at Arden House on Columbia's Harriman (N. Y.) Campus. "Students" were broken down into four groups of 11 each to insure close participation in case studies during which specific recommendations were made and detailed conclusions arrived at.

Below, left, typical group session, this one studying legal aspects of consumer credit with David H. McKinley, associate professor of finance at Pennsylvania State College, as discussion leader.

Below, right, analyzing consumer credit trends at the Program are, left to right, Sidney R. Rolfe, economist for C.I.T. Financial Corporation; Louis J. Asterita, A.B.A. deputy manager and secretary of its Instalment Credit Commission; John M. Chapman, professor of banking at Columbia and director of the Program and Dr. O. R. MacKenzie, dean of the School of Business at Pennsylvania State College



the amount due the dealer, according to his financial strength, and place this in the dealer's reserve account. Reserves exceeding 10 or 15 percent, according to the particular dealer, will be paid semi-annually to him. We also pay the dealer a small participation in the finance charge and credit this amount to his reserve account.

We do not rely on the dealer's endorsement in passing credit on his transactions, but do believe he should be in a position to repurchase, with cash, a defaulted contract for a certain percentage usually 75 percent, of the unpaid balance due on the freezer, and then charge his reserve account for the remaining deficiency.

We do not believe the bank should repossess this type of merchandise which has been sold and financed through a dealer. We believe it creates public illwill, and lowers the public's respect for the bank, when directly, or indirectly, the bank takes personal household property from the purchaser when he defaults on his payments, regardless of the bank's legal right to do this. We believe this is an obligation of the dealer and not the bank. If the dealer is not financially responsible enough to do this, we do not want his business. In other words, we do not believe in a nonrecourse plan with dealers selling merchandise which later may have to be repossessed by the bank.

Our experience to date in this new development has been entirely satisfactory.

Banks' Position

Banks are in a position not only to take over a major share of freezer and food financing, but to *keep the various plans on an ethical and respectable basis*. They can demand that the dealers sell on fair terms, and refuse to do business with those dealers that are found to be unscrupulous, unethical and who use high-pressure selling tactics. By controlling the practices of dealers in this field, there are no reasons why the experience on freezer and food finance plans should not be entirely satisfactory. The evils and experience with these plans in other states can easily be avoided by following a basic and most fundamental axiom in dealer financing — *know your dealer*.

If all banks will keep this warning and the recent experiences of other banks in mind, they can safely handle freezer and food financing as an added worthwhile service through their instalment credit departments.

HIGH-PRESSURE plans and gyp outfits had given to freezer-food financing plans a bad odor in many places, and the American National Bank was determined that, if it was to go into such financing, it would see to it that it is considered a service of the bank and would not

generate any illwill. Here's what Mr. Blue has to say:

We called every freezer distributor in the city, and obtained a complete list of the suggested retail selling prices on all models of freezers sold by their dealers. We then notified all of our dealers that we would not accept any further transactions unless their selling prices were equal to or less than the distributors' prices. We realized that this would put a competitive strain on the better dealers; but, the future of the entire freezer-food financing program in Indianapolis was at stake. To allow the situation to continue, was sure to cause a bad customer reaction against the plans, and also the bank for being party to and condoning such overcharging.

Overcharging Eliminated

Other banks in the city took similar action. And, today, this practice of deliberately overcharging, one of the worst evils that caused the downfall of so many plans on the West Coast, has been completely eliminated on transactions handled by bank financing in Indianapolis. I strongly recommend that any bank handling freezer financing for dealers, check their dealers' selling prices with their distributors' suggested prices, and insist that these be followed. This will eliminate the danger of losing the goodwill banks now hold in the instalment credit field.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

Savings Deposit Turnover

"TURNOVER trends in 1952 for both commercial and mutual savings banks was slightly downward," said John I. Millet, chairman of the A.B.A. Savings and Mortgage Division's Savings and Management and Operations Committee, in announcing the results of a study of the 1922 savings withdrawals in relation to total deposits.

"This is all to the good," he continued, "for it indicates a lower ratio of withdrawals during the year to the average amount of savings deposits."

"The time that deposits remain in a bank has a direct bearing on the nature and maturity of its investment portfolio and gives valuable clues in determining budgeting plans."

The long-term trend in savings deposit turnover, based upon yearly studies by the Savings and Mortgage Division, is shown in the chart on this page. Mr. Millet points to the fact that the turnover ratio for mutual savings banks is lower compared with commercial bank savings, although they follow a very similar pattern over the years.

"While it is not unusual for de-

Use of "Savings" in Ads

NEW YORK'S Court of Appeals has upheld the legal opinion that no institution other than a savings bank or savings and loan association can use the word "savings" in its advertising.

See "Bank Law News" for details of the decision.

mand deposits to turn over 10 to 20 times in a year," he said, "it takes an average of two years for time de-

posits in commercial banks to turn over and nearly four years in mutual savings banks."

New School Banking Study

THE most recent survey of school savings programs made by the A.B.A.'s Committee on School Savings Banking shows that \$113,000,000 is held by about 500 banks in these accounts.

Some 3,450,000 pupil depositors have accumulated this sum, representing approximately 10,000 elementary, junior, and high schools in 40 states. The average amount for the country is \$33.

This is the sixth consecutive year that school savings have shown a very satisfactory increase. Banks and schools are cooperating in this significant phase of thrift education to the benefit of the bank and the community.

Many banks are providing for bank visits, talks, movies, contests, and the distribution of publications and posters as a means of encouraging thrift among school children. Last year 240 banks distributed 1,200,000 copies of the *School Saver*, published by the Association's Advertising Department in cooperation with the School Savings Committee.

To assist banks in setting up a program, the Savings and Mortgage Division will send upon request a copy of its booklet *School Savings Banking*. This booklet offers constructive suggestions and information as to systems and methods.

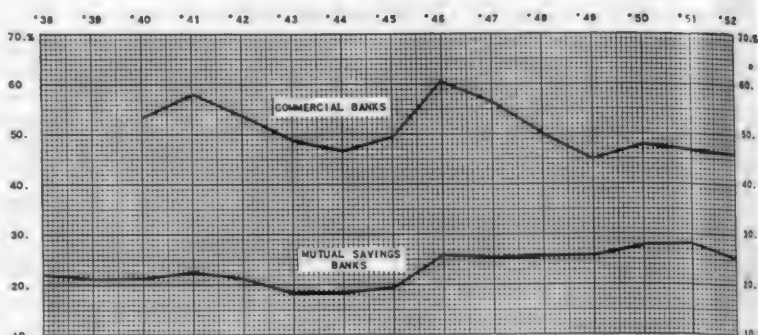
School Saver Flexibility

LAST year, 1,200,000 copies of the *School Saver* were distributed by 240 banks to pupils in that many communities, according to Mercer

Union Dime Uses Cartoon Feature on TV 1-Minute Ads

Encouraged by the effectiveness of its sponsorship of an evening news program on radio, the Union Dime Savings Bank of New York City has ventured into TV spot announcements on a major New York City station. Union's advertising series includes an animated one-minute cartoon entitled "A Wise and Happy Family." A second 20-second spot commercial shows viewers how to reach the bank's various locations.

Turnover of Time Deposits 1938-1952 United States



Total withdrawals for the year are shown on the chart as a percentage of average deposits. For example, a bank with \$10-million of savings deposits and having withdrawals totaling \$3-million for the year would have a ratio of 30 percent. Statistically, this indicates that the time deposits turn over once every two years.

C. Macpherson, assistant vice-president of the Chemical Bank and Trust Co., New York City, and chairman of the Committee on School Savings Banking of the American Bankers Association's Savings and Mortgage Division. The *Saver*, a newspaper-style publication devoted to the encouragement of thrift in the grade schools, is produced by the Committee in cooperation with the A.B.A. Advertising Department for distribution to pupils of public and parochial schools.

To make the *School Saver* more useful to sponsoring banks, the Committee is now making it possible to "localize" the entire first page of the publication. By special arrangement, a bank can substitute a new title or have its own text material printed on page one. This added flexibility makes possible a wider use of the paper by banks that prefer to individualize each issue and make the publication more distinctly their own. Also, a special version of the *School Saver* is available for use by banks in areas where no organized school savings banking has been established.

Besides Mr. MacPherson, members of the Committee are: Garnett Carter, vice-president, Fulton National Bank, Atlanta; J. Hamilton Cheston, president, The Philadelphia Saving Fund Society, Philadelphia; Dorothy T. Condon, assistant secretary, Auburn Savings Bank, Auburn, New York; Daniel J. Conley, treasurer, Washington Mutual Savings Bank, Seattle; Esther M. Kuhn, assistant

treasurer, Lee Savings Bank, Lee, Massachusetts; Lawrence A. Merrihan, vice-president, Progressive Bank and Trust Company, New Orleans; Millicent A. Trichler, assistant secretary, Dollar Savings Bank, New York; and Stuart Wilson, president, State National Bank, Texarkana, Arkansas.

New Savings Bond Folder

A NEW Treasury Department folder "For Financial Consultants," is designed as "a convenient reference to essential features of United States Savings Bonds—Series A through K."

The Government Printing Office identification number is 0-238434.

\$1-billion Savings Gain by Mutuals in Six Months

THE country's 528 mutual savings banks showed a net gain in deposits for the first half of 1953 of \$1,003,000,000, or 15 percent above the \$872,000,000 deposits during the same period of 1952. After slackening somewhat in May, the June rise in regular deposits of \$212,000,000 was the largest in any June since compilation of statistics began in 1947. Other deposits for the month were \$16,000,000, according to National Association of Mutual Savings Banks, compiler of these data.

The 1953 savings deposit gains are within a few million dollars of the peak war year 1945, when consumer goods, such as houses, automobiles, sweaters, etc., were unavailable.

*"Man
really knows
nothing,
save what
he has learned
by experience"*



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Contacts

CONTACTS are vitally important — particularly to Detroit, whose exports and imports go to and come from every one of the 48 States and most of the countries of the world.

Experience...

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These contacts have been built on Experience, the strongest foundation for Confidence—and they are available to all our customers, regardless of the size of the account or the transaction.

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News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

Ads for GI Homes Should Stress Costs, Not Terms

THE growing practice of offering homes for sale through public advertising on a credit basis only, with no mention of the cost price—only the monthly carrying charge as the purchase inducement—is causing concern in some areas. The dependence on credit alone as a sales factor is further emphasized by the “no downpayment” solicitations to veterans.

Since the enactment of the Servicemen's Readjustment Act of 1944, bankers from coast to coast have consistently cooperated in every way to assist veterans in getting sound loans for home-ownership purposes.

However, many A.B.A. members have called this “No downpayment concealed purchase price” type of advertising to the attention of the Association's Savings and Mortgage Division, characterizing it as dangerously inflationary and not in the best interest of the veterans. It is the consensus of the bankers that the veteran should know all details of the financing of his home, including the cost of the property; that the facts should be presented in such a manner that he can weigh the value and know he is getting his money's worth.

The Division's Committee on Real Estate Mortgages has repeatedly expressed itself on the dangers of inflationary credit in housing and the desirability of sound economic practices in this field. Committee members have so testified on numerous occasions before the Senate and House Banking and Currency committees.

Broker Solicitation of S&L Share Accounts Questioned

WIDESPREAD solicitation of share accounts for savings and loan associations from clients of lawyers and accountants in return for a fee was recently brought to the attention of

William K. Divers, chairman of the Home Loan Bank Board, by A.B.A. General Counsel J. O. Brott.

Mr. Brott referred specifically to the Association's previous strong objection to the Home Loan Bank Board against share account solicitation by brokers and the fact that the Board had indicated efforts would be made to correct this situation. The practice today, however, is said to be more flagrant than ever. Assurances that positive action would be taken to correct this unfortunate practice were requested.

In his reply, Chairman Divers stated that savings and loan associations had also raised the question as to the propriety of recent solicitation activities; that the matter had been referred to the Board's general counsel and chief supervisor for recommendations as to corrective steps that can be taken by the Board; and that he would present counsel recommendations, along with his own, to the other members of the Board when they take office. He said he would review with the new Board as soon as possible the whole question of the use of brokers by insured associations and out-of-area advertising by S&L associations.

FNMA Buys Mortgages

HOUSING and Home Finance Agency Administrator Albert M. Cole announced that, effective July 27, FNMA would start to buy and sell FHA-insured and VA-guaranteed mortgages on a one-for-one basis in accordance with the provisions of the recently approved Housing Amendments of 1953.

Under the one-for-one plan, FNMA issues a commitment to purchase eligible mortgages from an investor equal to the amount of mortgages such an investor purchases from FNMA. Mortgages to be purchased by FNMA must be tendered within one year after issuance of the commitment. The total amount of such commitments may not exceed \$500,000,000.

Under the plan, FNMA will sell VA-guaranteed and FHA-insured mortgages bearing interest rates ranging from 4 to 4½ percent in its present portfolio. It will sell these at prices ranging from 96 for VA 4 percent mortgages; 97.75 for FHA 4½ percent mortgages; and 100 for FHA and VA 4½ percent mortgages on one-to-four-family dwellings and on a negotiated basis for mortgages on multifamily dwellings.

FNMA is still buying mortgages on defense, disaster, and military housing both over the counter and on a commitment basis.

Bankers Confer With Cole on Sound Home Financing

ACTING on the request of the President that he study and recommend steps to be taken by the Government in arriving at a sound housing program, Housing and Home Finance Administrator Albert M. Cole recently invited representatives of the American Bankers Association and of the National Association of Mutual Savings Banks to discuss with him lenders' views on the position of the Government in the housing and mortgage credit field.

Representing the A.B.A. were: Joseph R. Jones, vice-president of the Security-First National Bank of Los Angeles and chairman of the Savings and Mortgage Division's Committee on Real Estate Mortgages; Richard B. Haskell, vice-president and treasurer of the Mechanics Savings Bank, Hartford, a member of the aforementioned committee and of the Mortgage Financing and Urban Housing Committee of the A.B.A. Committee on Federal Legislation; J. O. Brott, A.B.A. general counsel; and Thomas L. Nims, assistant secretary, Savings and Mortgage Division.

This meeting gave the bankers an opportunity to present to the Administrator and his assistants at first hand the A.B.A. and NAMS position in support of sound mortgage credit, a sound dollar and a sound

national economy, the need for avoiding inflationary trends in housing and mortgage credit, and the desirability of restricting Government credit in the secondary mortgage market to only a "stand-by" basis.

Building a Church "for Free"

"How to Build a Church 'for Free'" is the title of a recent article in the rotogravure section of *The Houston Chronicle*. It tells how J. S. Bracewell, veteran Houston attorney and former Sunday School superintendent at the Broadway Baptist Church in Harrisburg, Texas, devised the Broadway Plan of Church Finance in 1937 when his church needed funds to expand.

Don Hinga, author of the *Chronicle* story, reports, in part:

"The church needed \$10,000 for new buildings and equipment. It issued bonds in denominations of \$500, \$250, \$100, and \$50 and entered into a contract with each bond buyer which guaranteed repayment by setting up a separate interest and sinking fund account in a bank.

"The contract provided that the church would pay into this fund \$2 weekly for each \$1,000 in bonded indebtedness, and the treasurer of the church was placed under bond to see that this payment was made first from church income.

"In just 13½ years the entire debt was paid, the church had new facilities, the members who bought bonds had the satisfaction of having helped

build a new church, and they pocketed a safe 5 percent interest on their bond purchase."

Over 500 new churches for more than 30 denominations have been financed under the Broadway plan.

"Summer Comfort" Bulletin

"SUMMER COMFORT" is the latest bulletin (G6.0) in a series to be issued by the Small Homes Council of the University of Illinois. This illustrated publication presents facts on how to keep the home comfortable during the hot summer months.

Among the topics discussed are: "The Sun and the House"; "Sun Controls"; "Building Materials and Heat Flow"; "Ventilation of

Banker Advocates Construction Loans for Owner-Builders (II)

Last month we published the first instalment of excerpts from an address by JOHN F. DEDMAN, assistant secretary-treasurer of The Derby (Connecticut) Savings Bank. This is the conclusion of his remarks.

"OUR usual pattern of comparing the customers' estimates with ours is based on rule-of-thumb prices familiar to us, some of which are as follows:

"We recommend a large bulldozer for stripping the loam and excavating for the foundation; in our community the cost is \$10 per hour for the large one and \$6 per hour for a small one; however, the large bulldozer does a better job in less time, resulting in a net savings.

"Estimates on foundations and chimney are based on the size and number of cinder blocks used. We figure 77 cents for 12-inch blocks laid up, and 55 cents for 8-inch blocks laid up. Basement floors, averaging three to four inches thick, require approximately one cubic yard of ready-mixed concrete per 100-square feet at \$25 per yard, laid and steel troweled, including screeds. Footings are poured at \$12.50 per cubic yard. Sidewalks average 55 cents per square foot. The average chim-

ney with fireplace costs \$500 with brick cap and bulk of cinder block.

"We require a lumber list and quotation from the local lumber company. Experience shows that the total lumber costs represent about 30 percent of the cost of a home. We estimate the cost of carpentry at 55 percent of the lumber list or \$2.90 per square foot of the floor plan of the house. Porches and garage are figured at an overall cost of carpentry and lumber at \$5 a square foot, plastering at \$1.35 per square yard, ceramic tile at \$1.75 per square foot for the side walls, and \$1.25 per square foot for tile floors.

"If wooden gutters are used we figure the leaders at \$20 each, installed. To lay 210-pound roof shingles we figure \$5 labor per 100 square feet and the cost of shingles at \$7 per square foot. The one-bath house, with average kitchen, has a plumbing charge of approximately \$900, of which 50 percent represents cost of equipment, and 50 percent labor. Septic tank, 550 gallons, installed with 75 lineal square feet of drainage field at \$350. The drainage field should not have a pitch exceeding one inch.

"Heating costs for the popular hot air circulating system

runs about \$1,050 for a 90,000 BTU job, of which 75 percent represents equipment and 25 percent labor. We estimate electrical work at \$4.25 per outlet, plus main service and meter box. An allowance for electric fixtures and equipment is also made. Exterior painting (two coats) at \$200; interior painting at \$300. Building permits, legal fees, and plot plan we group at \$120. If there is no city water and an artesian well is necessary the cost is about \$3.75 per foot, plus \$325 for a deep well pump, installed. As an added protection we recommend that the owner-builder carry workmen's compensation and employers' liability insurance at a minimum cost to him of \$120.

"After checking over the owner's estimates with our figures and determining what his savings will be, based on credits given him for the work he and his friends plan to do, we then determine if it is feasible for the applicant himself to build. Should we feel that he is a bit premature we recommend that he open a savings account and accumulate the amount needed through systematic savings before he starts so that we will be in a position to see him through in another year or so."

Rooms"; and "Central Air-Conditioning Systems."

Did You See?

(1) Veterans Administration letter to all lenders in the GI loan program advising on detailed reporting requirements in order to comply with the intent of Congress, as expressed in the reports of the congressional conferees on Public Law 94. This law amended Section 504

of the Housing Act of 1950 to preclude the Veterans Administration's restricting discount charges in connection with the sale of GI loans. The conferees' report indicated plainly the intent that the VA should obtain such information as a means of learning the magnitude of the discount charges which are made under the amended schedule.

(2) FHA Commissioner Holiday's letter of July 24 announcing amendments to the Administrative

Rules under Sections 207, 908, and Title VIII of the Housing Act for multifamily rental housing insurance and for military housing insurance.

(3) FHA Acting Commissioner Greene's letter of July 28 announcing additional amendments to the administrative rules to give effect to certain changes in requirements governing charges and fees applicable to existing construction and multifamily projects, including projects insured under Section 213.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Treasury Ruling on Use of Bonds to Pay Estate Taxes

"CERTAIN Treasury bonds listed below may be redeemed at par, whatever their market value, to pay Federal estate taxes" reports "The Irving Lawyer's Letter," published by the Irving Trust Company of New York. "Rules are simple. First, the bonds must have been owned by the decedent at the time of his death and included in his gross estate. Second, the bond proceeds (par value plus accrued interest) used to pay the estate tax must not exceed the amount of the tax actually due. What to do if total par value plus accrued interest on the bonds in the estate exceeds the tax due? Offset the estate tax, bond by bond, until the unpaid portion is less than the proceeds of a single bond; pay the fractional balance in cash and sell any remaining bonds at market—or hold as may be preferred."

"The recent decline in the market price of Government bonds under the pressure of increasing interest rates has given a bargain character to many of these tax redeemable bonds. Some of them have sold below 90, so that the presence of such a bond in an estate affords, it has been supposed, an opportunity to obtain approximately a 10 percent discount on the Federal estate tax. Considerable publicity has been given this feature in recent weeks and quite a few people have purchased sizable blocks of these

bonds, not merely for their value as investments but as a tax reserve.

"Many writers on the subject have assumed that the bonds would continue to be valued for estate tax purposes at their market value at date of death, this being the traditional Treasury rule. Some have wondered whether there might be a capital gains tax on the difference between market value and par. On May 26 the Treasury advised² that par or market value, whichever was the higher, should be reported up to the redeemable amount. Nothing is said about capital gains tax, but obviously if the bonds are valued at par for estate tax purposes and redeemed there is no capital gain or loss.

Taxable at Par

"These bonds selling at a discount still offer a saving, of course: the discount reduced by the estate tax on the discount itself; and if the ruling had been 'take market value' then the discount would probably have to be reduced by a capital gains tax anyway. But the ruling, 'take par,' presents a nice algebraic puzzle. Only bonds in such amount as may be redeemed are taxable at par; for example, if an estate holds \$150,000 par value of a tax redeemable issue selling at 91, and the estate tax is figured first at exactly \$100,000 (plus the equivalent of accrued interest on \$100,000 of bonds) then only \$100,000 par value of bonds will leap in taxable value from 91 to par. But, in the process, the taxable estate has gained in

value to the extent of \$9,000, so the tax increases. So the amount of bonds redeemable increases. So the taxable estate increases further and the tax increases with it. And so on, until the increase in tax is insufficient to permit redemption of another whole bond. Practically a 'Greeley' formula!

"As a matter of convenience and information, we append this list of tax redeemable bonds available in the market showing offering prices as of the close of business on [August 3, 1953]:

| Price on Yield to | | | | |
|-------------------|---------------|----------|-------|--|
| Series | Aug. 3 | Maturity | | |
| 2-1/4's | 9/15/1956-59 | 97-6 | 2.75% | |
| 2-1/4's | 6/15/1959-62 | 95-8 | 2.86 | |
| 2-1/4's | 12/15/1959-62 | 95-8 | 2.83 | |
| 2-1/2's | 6/15/1962-67 | 95-6 | 2.92 | |
| 2-1/2's | 12/15/1963-68 | 94-12 | 2.96 | |
| 2-1/2's | 6/15/1964-69 | 94-8 | 2.96 | |
| 2-1/2's | 12/15/1964-69 | 93-30 | 2.96 | |
| 2-1/2's | 3/15/1965-70 | 93-24 | 2.98 | |
| 2-1/2's | 3/15/1966-71 | 93-14 | 2.98 | |
| 2-1/2's | 6/15/1967-72 | 93-0 | 2.99 | |
| 2-1/2's | 12/15/1967-72 | 93-0 | 2.98 | |
| 3-1/4's | 6/15/1978-83 | 100-9 | 3.23 | |

¹The bonds must be submitted to the Division of Loans and Currency, Washington 25, D.C., directly or through a Federal Reserve Bank.

²Circular No. 3722 of the Federal Reserve Bank of New York, dated June 18, 1951 gives rules for redemption.

³Telegram to Committee of Banking Institutions on Taxation, 5/25/53."

Prenumbered Tickets to Control Security Activity

IN a discussion of "Audit Control of Corporate Trusts" in July BANKING (page 88), George P. Jochum,

assistant vice-president, United States Trust Company, New York, told how "fanfold" or "snap-out" prenumbered tickets are used in the receipt of securities. As a continuation of this discussion, Mr. Jochum this month tells of the use of these tickets when securities are delivered and for temporary withdrawals: Mr. Jochum:

"On the delivered side of a set of 'fanfold' or 'snap-out' tickets, you would include. (1) a receipt form stub; (2) a property posting ticket; (3) a cash posting ticket for posting cash, if any; and (4) a vault withdrawal ticket and stub.

"Upon the withdrawal of a security from the vault an authorized clerk in the corporate trust department would prepare and initial such a set of tickets, listing all pertinent data, such as noted for the receipt ticket. The vault withdrawal ticket and stub would be brought to the vault where an authorized vault clerk would withdraw the securities, initial the ticket and attach the stub to the securities for identification. The vault ticket would be forwarded to the auditor by the vault clerk. The securities would be delivered to the corporate trust clerk, who would deliver them against cash or receipt, initialing the stub and forwarding it to the auditor. The auditor would then match his vault ticket, stub, and receipt.

Auditor Procedure

"In both of these types of transactions, the auditor would prove the cash involved by totaling his daily tickets and comparing the total of the corporate trust department's daily cash figure on the bank's general ledger.

"At each stage of this processing, appropriate copies of tickets would be initiated by the authorized clerks involved.

"As for temporary withdrawals, a more simple form of "fanfold" or "snap-out" would be used with the following copies: (1) corporate trust department with stub; (2) auditor's notice; and (3) vault ticket with stub.

"To remove securities from the vault as a temporary withdrawal, an authorized corporate trust department clerk would prepare and initial a set of these tickets. The auditor's notice and vault ticket, with stub, would be delivered to the vault. An authorized vault clerk

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For instance in making collections, we have an outstanding record of combining efficiency with tact, courtesy with results—a proven faculty for settling unpaid accounts quickly and retaining good-will.

As for letters of credit, consider the convenience of our 29 offices located in every important commercial centre in Colombia. This exceptional coverage is a great advantage too in furnishing current and comprehensive trade information.

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| | |
|------------------|---------------------------------|
| Capital paid-up: | \$20,000,000 — Pesos Colombian. |
| Surplus: | \$15,000,000 — Pesos Colombian. |
| Other reserves: | \$6,858,000 — Pesos Colombian. |

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C). Barrancabermeja. Barranquilla (2). BOGOTA (3). Bucaramanga. Cali (2). Cartagena. Cartago. Cúcuta. Girardot. Ibagué. Magangué. Manizales. Medellín (1). Montería. Neiva. Palmira. Pasto. Pereira. Puerto Berrio. San Gil. Santa Marta. Sincelejo. Socorro. Vélez (8).

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would remove the requested security from the account and attach the stub for identification. He would initial the vault copy and place it in the account in the vault in place of the security. He would initial the auditor's notice and forward it to the auditor.

"Upon redeposit of the security in the vault, the corporate trust department would forward its ticket stub to the auditor as notice that the security had been redeposited. The vault ticket would then be removed from the account in the vault and the security redeposited in the account and the vault ticket would

then be initialed by a vault clerk and forwarded to the auditor. The auditor would then match his original notice of removal with the stub and vault ticket. On occasion, a temporary withdrawal develops into a permanent withdrawal and in such cases it is necessary to clear off the temporary withdrawal by a delivery ticket, and in these cases the auditor should be doubly certain that he has not lost effective control of the transaction.

"I stated that these tickets should be prenumbered, and of course it is vitally important that the auditor maintain a numbers control."

Labor Joins in Pension Talks

Outstanding pension actuaries, lawyers, businessmen, and labor leaders discussed company pension, profit-sharing, and other employee benefit plans, before a group of executives at the Anglo California National Bank, San Francisco.

Speakers included: Dr. C. E. Haines, pension fund department, Merrill, Lynch, Pierce, Fenner & Beane; J. Philip Nathan, vice-president, Anglo California National; P. B. Kelly, first vice-president; Laurence Tharp, vice-president and manager of trust department; and Philip S. Dalton, trust advisor.

CALENDAR

American Bankers Association

- Sept. 20-23 79th Annual Convention, Washington, D. C.
- Oct. 29-30 Western Regional Trust Conference, San Diego, Calif.
- Nov. 5-6 Mid-Continent Trust Conference, Drake Hotel, Chicago
- Nov. 16-18 National Agricultural Credit Conference, Chicago
- Dec. 6-8 Southern Secretaries Conference, Jung Hotel, New Orleans
- Dec. 14-15 Western Secretaries Conference, Reno, Nevada

1954

- Jan. 21-22 Eastern Secretaries Conference, Commodore Hotel, New York City
- Feb. 8-10 35th Mid-Winter Trust Conference, Hotel Waldorf-Astoria, N. Y. C.

State Associations

- Sept. 6-11 Tennessee, University of Tennessee, Knoxville
- Sept. 10-12 Massachusetts Mutual Savings, Mt. Washington Hotel, Bretton Woods, N. H.
- Oct. 13-14 Connecticut Mutual Savings, Mountain View House, Whitefield, N. H.
- Oct. 17-23 New York Mutual Savings, Havana Cruise aboard S.S. *Nieuw Amsterdam*
- Oct. 18-20 Kentucky, Brown Hotel, Louisville
- Oct. 18-21 Iowa, Fort Des Moines Hotel, Des Moines
- Nov. 10-11 Nebraska, Fontenelle Hotel, Omaha
- Nov. 12-14 Arizona, Arizona Biltmore, Phoenix

1954

- Apr. 8-10 Florida, Vinoy Park Hotel, St. Petersburg
- Apr. 12-14 Georgia, Atlanta-Biltmore Hotel, Atlanta
- May 5-7 New Jersey, Chalfonte-Haddon Hall, Atlantic City
- May 6-7 Oklahoma, Skirvin Hotel, Oklahoma City
- May 6-7 Tennessee, Peabody Hotel, Memphis
- May 9-12 North Carolina, The Carolina Hotel, Pinehurst
- May 10-11 Maryland, Chalfonte-Haddon Hall, Atlantic City
- May 10-12 Missouri, Jefferson Hotel, St. Louis
- May 11-13 Ohio, Neil House, Columbus
- May 12-13 Indiana, Claypool Hotel, Indianapolis
- May 12-14 Kansas, Kansas City
- May 14-15 New Mexico, Hilton Hotel, Albuquerque
- May 16-18 Texas, Gunter Hotel, San Antonio
- May 17-19 Mississippi, Buena Vista Hotel, Biloxi

- May 21-22 North Dakota, Dacotah Hotel, Grand Forks
- May 23-25 California, Huntington Hotel, Pasadena
- May 23-26 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City
- May 25-27 Arkansas, Arlington Hotel, Hot Springs
- May 27-29 Colorado, Broadmoor Hotel, Colorado Springs
- May 29- June 3 Virginia, Cruise
- June 3-6 New York, Lake Placid Club, Lake Placid
- June 5 Connecticut, Griswold Hotel, Groton
- June 6-8 Idaho, The Lodge, Sun Valley
- June 9-13 Dist. of Columbia, Greenbrier Hotel, White Sulphur Springs
- June 11-12 New Hampshire, Wentworth-By-The-Sea, Portsmouth
- June 11-12 New Hampshire Mutual Savings, Wentworth-By-The-Sea, Portsmouth
- June 11-12 Wyoming, Wort Hotel, Jackson
- June 14-15 Minnesota, St. Paul Hotel, St. Paul
- June 14-15 Utah, Utah Hotel, Salt Lake City
- June 18-19 Vermont, Equinox House, Manchester
- June 21-22 Washington, Winthrop Hotel, Tacoma
- June 21-23 Wisconsin, Schroeder Hotel, Milwaukee
- June 24-26 Michigan, Grand Hotel, Mackinac Island
- June 25-26 New Jersey, Monmouth Hotel, Spring Lake
- July 22-24 West Virginia, Greenbrier Hotel, White Sulphur Springs

Other Organizations

- Sept. 21-24 Association of Bank Women, Annual Convention, Shoreham Hotel, Washington, D. C.
- Oct. 11-14 Robert Morris Associates' Fall Conference, Chalfonte-Haddon Hall, Atlantic City
- Oct. 11-15 Financial Public Relations Association, Annual Convention, Sheraton-Cadillac Hotel, Detroit, Michigan
- Oct. 18-21 Consumer Bankers Association, The Cavalier, Virginia Beach, Va.
- Oct. 19-22 Annual Convention, National Association of Bank Auditors & Comptrollers, Hotel Roosevelt, New York City
- Nov. 9-13 Mortgage Bankers Association Annual Convention, Miami Beach, Florida
- Nov. 16-18 40th National Foreign Trade Convention, National Foreign Trade Council, Inc., Waldorf-Astoria, New York City
- 1954
- Oct. 18-21 National Association of Bank Auditors and Comptrollers, 30th Annual Convention, San Francisco

24-HOUR TRANSIT SERVICE—

AMERICAN
TRUST
COMPANY

BANKING
Since 1854

Our 24-hour Transit service and air mail dispatch often make funds available days earlier. Many correspondents save valuable time by air mailing *all* western items to American Trust Company. This 24-hour Transit operation assures you swift service. Our many offices and west-wide relationships offer exceptional facilities for collection.

Air mail your West Coast items to
AMERICAN TRUST COMPANY
San Francisco

Statement of Condition

June 30, 1953

RESOURCES

| | |
|--|---------------------------|
| Cash on Hand and in Banks | \$ 221,854,812.05 |
| U. S. Government Obligations | 321,818,408.32 |
| State, County, and Municipal Bonds | 59,887,566.95 |
| Other Bonds and Securities | 19,851,646.59 |
| Stock in Federal Reserve Bank | 1,650,000.00 |
| Loans and Discounts | 557,600,894.84 |
| Bank Premises and Equipment | 10,984,869.41 |
| Other Real Estate | 1.00 |
| Customers' Liability under Acceptances | 1,345,714.74 |
| Accrued Interest Receivable and Other Assets | 6,076,373.34 |
| Total Resources | \$1,201,070,287.24 |

LIABILITIES

| | |
|-----------------------------------|---------------------------|
| Deposits | \$1,115,892,216.54 |
| Acceptances Outstanding | 1,345,714.74 |
| Reserve for Unearned Discount | 7,602,707.45 |
| Reserve for Interest, Taxes, etc. | 6,598,976.86 |
| Other Liabilities | 2,474,720.76 |
| Capital Funds: | |
| Capital Stock | 20,000,000.00 |
| Surplus | 35,000,000.00 |
| Undivided Profits | 12,155,950.89 |
| Total Liabilities | \$1,201,070,287.24 |

United States Government and other securities carried at \$130,438,213.14 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation



Methods and Ideas

(CONTINUED FROM PAGE 41)

management has considerable discretion in taking the action which creates them. We should like to see 'below the line' or included in reconciliations of capital funds and reserves all nonoperating items and the income taxes and tax savings related to them.

"Under nonoperating items we could include: Security profit, security losses, recoveries, charge-offs, income taxes and refunds applicable to past years, write-downs, contributions for past service benefits, bad debt reserve, reserves for security losses.

"A major handicap to the analysis of bank securities has been and continues to be the lack of uniform income account reporting. Attempts to make comparisons involving bank earnings tend to be misleading. A recommendation . . . is that bank report net current operating earnings (at least) to their stockholders quarterly."

E. Linwood Savage, Jr., assistant vice-president of the New England Trust Company, Boston, is chairman of the committee.

BANK ISSUES DRIVERS' LICENSES

THE FIRST AMERICAN NATIONAL BANK of Nashville helped the clerk of Davidson County issue automobile drivers' licenses this year.

When the licenses were sold in the past multiple lines of applicants formed at the court house, often in hot weather. The bank, air conditioned, decided to assist in the sale of the permits as a help to the county and a courtesy to its customers and friends.

During the month of the sale First American accounted for more than 10 percent—13,850—of the licenses issued.

"This unusual service was greatly appreciated by all," it says.

THOSE "BANKERS' HOURS"

EVERY so often somebody takes another poke at the ancient but durable "bankers' hours" myth.

It's been done again—and most effectively — by THE NORTHERN TRUST COMPANY of Chicago, whose staff magazine, *The Northerner*,



Trustees and officers of the New Hampshire Savings Bank, Concord, chartered a bus for a 125-mile inspection tour of properties mortgaged to the bank. Front row, l. to r., Assistant Treasurer W. B. Meserve, John J. Hallinan, Assistant Vice-president A. C. Gustafson, N. H. Bank Commissioner W. J. Phillips, Executive Vice-president J. A. Terrill. Back row, John Swenson, President H. H. Blake, President Emeritus E. P. Roberts, J. A. Swenson, J. B. Godfrey, D. N. Everett, W. F. Grant

publishes a story on the subject by John A. Mattmiller, manager of the operating department.

He points out that bank employees perform a variety of essential tasks around the clock on the Northern's premises, and the article is a recapitulation of the time schedule.

An interesting feature of the article is the following tabulation of employees in the bank at various times during one 24-hour period.

| Time of Day | Number Employees In | Number Employees Out | Total In Bank |
|-------------|---------------------|----------------------|---------------|
| 12:30 A.M. | 5 | | 5 |
| 2:15 | | 29 | 5 |
| 5:45 | 2 | | 7 |
| 6:45 | 8 | | 13 |
| 7:00 | 10 | | 23 |
| 7:15 | 80 | | 33 |
| 7:30 | 8 | | 41 |
| 7:45 | 18 | | 79 |
| 8:00 | 57 | | 136 |
| 8:15 | 72 | | 208 |
| 8:30 | 977 | | 1185 |
| 9:00 | 36 | | 1219 |
| 12:00 N. | 12 | | 1231 |
| 1:30 P.M. | | 3 | 1228 |
| 2:30 | | 12 | 1216 |
| 3:30 | 1 | 61 | 1156 |
| 4:00 | | 27 | 1129 |
| 4:30 | | 80 | 1049 |
| 5:00 | | 990 | 59 |
| 5:30 | | 19 | 40 |
| 6:00 | 29 | 28 | 41 |
| 12:30 A.M. | | 7 | 34 |

Other illustrations are line drawings pointing up several erroneous ideas of the banker's ways.

DUTCH UNCLE

THE FIRST NATIONAL BANK in Wichita sponsors a 15-minute weekly "Dutch Uncle" radio talk featuring advice to the investing public.

"It's a natural program for a bank," said Frank O. Carr, vice-president. "It's dignified and it protects the people who most need advice. We have evidence that thousands hear it every Sunday night over KFHI. Businessmen like it because it helps the people to recognize the difference between a racket and legitimate business with the result that the public has more confidence in trustworthy business. Incidentally, we think we are earning credit for doing a good turn."

Ralph S. Hinman, manager of the Wichita Better Business Bureau since 1929, presents the program, called "Dutch Uncle Talk."

IN BRIEF

FARMERS BANK OF THE STATE OF DELAWARE, Dover, published a three-quarter page newspaper ad featuring "our visitor from Germany, Miss Hedwig Jung of Oberurbach," who is now a member of the staff. Pictures showed Miss Jung "learning to be a banker."

FIRST NATIONAL BANK IN ST. LOUIS devotes part of its TV commercial time to public service announcements.

Remington Rand Methods News

How a bank saves \$2,000 each year on its paperwork

A Georgia bank had the usual problems with reports. They were wasting valuable time in repetitive typing to get enough copies. The typed material was often out of register on the carbons and printed forms were expensive.

Now one writing produces as many copies of any report as they need—with perfect registry and without the expense of printed forms!

The big change was made by Remington Rand Formasters, individually printed hectograph masters. With this method, the typed report material as well as the form itself is reproduced all at once on blank paper. They avoid the expense of printing and the problem of forms becoming obsolete. And their girls appreciate the special undercoating that seals the color in, leaving hands, face, clothes and copies spotless. A bank official has estimated that this one, simple change is saving them \$2,000 a year. Ask for RSM227.

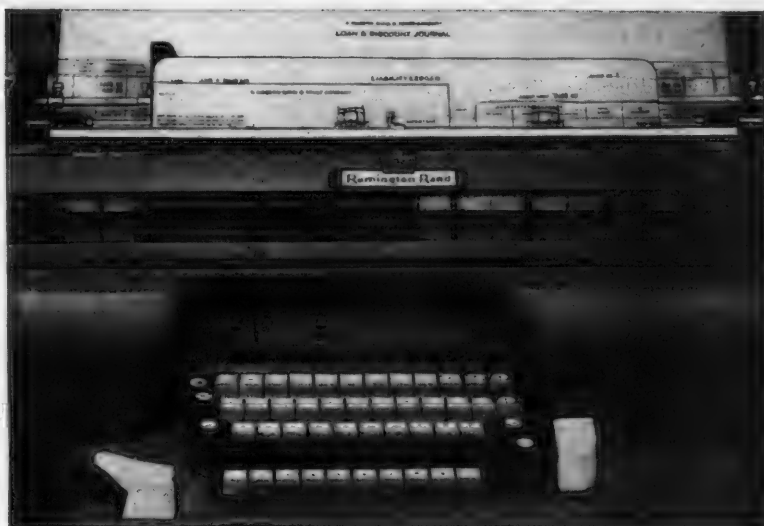


One-time figuring for complete account analysis

By means of cumulative figuring, one bank with about 30,000 checking accounts now finds the net charge for each account in one continuous operation—and in one-half the time formerly required!

With their Remington Rand Printing Calculator, they add and subtract, multiply and divide without having to re-enter the same figures over and over. And they get printed proof on the tape that all entries were made correctly...refiguring for accuracy is eliminated. The touch-method speed obtained on this simple 10-key machine gives them top hourly production.

For detailed examples of how you can speed your account analysis work, send for case histories SPAC4600.35 and SPAC4600.36.



Mechanized loan and discount accounting for better records and clerical savings

You get a complete ledger, journal and notice of note due plus carbons—all in one writing—with a Remington Rand accounting machine. The clerical savings over manual methods will soon repay you for the initial investment.

All classes of loans may be combined on one ledger card if desired—giving

the loan officer a complete history of all loans made by the borrower. Secured, unsecured, discounted, total direct and indirect balances are shown at a glance.

Your records are machine-accurate. All new balances are automatically computed...all columns automatically totaled...and there is complete daily proof of posting. You avoid transcription errors because the one-posting method eliminates the need for transcribing. Any competent typist can soon obtain touch-method speed on a Remington Rand accounting machine with its single typewriter keyboard.

Our methods file on mechanized loan and discount procedures is available on loan from the Reference Library at your nearest Remington Rand office. Circle MC797. For information on the Remington Rand automatic-balance machine ask for AB423. For all the facts on the new LOW-COST book-keeping machine, ask for AB664.

All savings records now protected within easy arm's reach of teller

Remington Rand announces a new Safe-Ledger Desk which houses signature cards as well as ledgers. Its compact size saves floor space and permits convenient placement as needed behind savings tellers. Certified two-hour protection assures around-the-clock safety for your vital records. Perfect counter-balancing of cover permits instant closure in case of a daytime flash fire.

This new unit supplements our complete line of point-of-use protection equipment which can be adapted to any volume of savings records and any desired motion-saving arrangement. For details on the new Savings Safe-Ledger Desk, ask for SC774.

Incidentally, how long since your savings signature cards were checked against the ledgers? One bank recently found missing signatures on 4% of accounts, incomplete signatures on 10% of joint accounts. For an efficient method to bring in missing signatures by mail, get folder KD490.1. To see how you can have a professional audit made for you and avoid upset in bank routines, ask for folder BSD2.

Remington Rand

Management Controls Reference Library
Room 1131, 315 Fourth Ave., New York 10

Please circle literature desired:

RSM227 SC744 SPAC4600.35
KD490.1 BSD2 SPAC4600.36
MC797 AB423 AB664

Name _____

Title _____

Firm _____

Address _____

City _____ Zone _____ State _____

Profit-Building IDEAS For Business

A New Outlet—JOHNSON

(CONTINUED FROM PAGE 42)

It is argued from time to time that so-called easy credit in the form of low downpayments and long-term mortgages is inflationary. But no one has been able to explain to my satisfaction why this should be true when it comes to home purchase or improvement.

The real foe of inflation is production. We do not have inflation when we have a high level of production, and we do not have a high level of production unless there is demand for the goods and services produced.

By supplying money for production of homes and all the things required to keep them in repair and to make them meet the living standards of American families, I am convinced the banking system performs a distinct service toward curbing inflation.

In reaching our decision to include open-end clauses in our mortgages we gave consideration to the fact that our bank holds more than 67,000 individual home mortgages—more than any other savings bank in the world—and that a large percentage of these mortgagors require funds from time to time which we might better let them secure by their existing mortgages than have them seek funds elsewhere.

WE feel such lending policy is fully as sound as on the original mortgage because standard mortgage procedure is followed in making an additional advance on an open-end mortgage. This procedure includes an up-to-date review of the borrower's credit and family situation, an examination of his payment record on the existing mortgage, an up-to-date inspection of the property, and placement of the application before our loan committee.

Naturally, the additional borrowing is protected by title insurance. Until last year, the high cost of title insurance stood in the way of making additional advances, in many cases. There was little point in a borrower's obtaining \$500, or even \$1,000, and having to pay a high fee for title insurance. However, a leading title insurance company of New York, working with

our attorneys, developed an arrangement whereby title is insured for \$5 per \$1,000, with a minimum of \$10, and no readvance to exceed \$3,000.

Likewise, in New York State there was a question about the amount of mortgage tax to be paid. We worked out an agreement with the counties in which we do business to accept a mortgage tax of \$5 per \$1,000, thereby setting up a safeguard against any possible future involvements.

Our open-end plan has not been in effect long enough for us to analyze it fully and evaluate the operation. A number of mortgagors have obtained additional advances and we have had a great many inquiries as to how the plan operates. Because we have stressed the open-end feature in our recent advertising, we have done a considerable amount of business with new homebuyers who want the open-end clause in their mortgages.

There is little question in my mind that the open-end mortgage plan, if generally adopted, would provide a new outlet for millions of dollars for investment.

Consider Certain Tests—JONES

(CONTINUED FROM PAGE 43)

a mortgage loan on his home with 15 years yet to run, on which the interest rate is 5 percent. By an "additional advance" under this mortgage, his monthly payment would be increased \$7.95, which would pay off the \$1,000 and interest in the 15 years. But \$7.95 a month for 15 years, or 180 months, is \$1,421. Thus he pays \$421 in interest by this type of financing. If on the other hand he used FHA Title I, which carries a 5 percent discount rate, which is actually almost a 10 percent interest rate, he would pay \$31.94 per month for three years to repay the loan. Payments of \$31.94 per month for 36 months would total \$1,149.84, and he thus pays only \$149.84 in interest, or about one-third of the interest paid for the "additional advance," on which the rate is only one-half that of the Title I loan. Thus, the true economy is the short-term loan.

The other question is: Does "additional advance" financing justify the cost? True, there are many who do not have the income to meet the larger payments required by the shorter-term and less-costly financ-

ing. Some may be forced to pay the additional cost to be able to buy much needed equipment or repairs. Lenders, however, should be mindful of the results of this type of credit. Any 100 percent financing for long terms on low monthly payments is inflationary in its ultimate effect. Such financing produces more buyers, and thus by increasing demand results in higher prices. For this reason, due caution should be used in promoting this method of financing as the solution to all problems of maintenance.

Any lender proposing to adopt this method of financing should

(1) be certain that such an advance is a valid first lien on the security, and meets the legal requirements of the lender (generally the inexpensive title insurance of such advance should be required);

(2) be mindful that it is an expensive form of financing (and the borrower should realize the interest he will pay); and

(3) be mindful that this, like all other easy credit, is inflationary and should be used with discretion.

In the final analysis, the test of all credit should be: Is it good for (1) the economy, (2) the borrower, (3) the lender?

I think after sober reflection, and with proper consideration of the final result, we must conclude that too great a volume of easy credit in the form of "additional advances" would not meet these tests.

Most people can't save because their neighbors are always doing something they can't afford.



1803
150 YEARS OF
BANKING SERVICE
1953

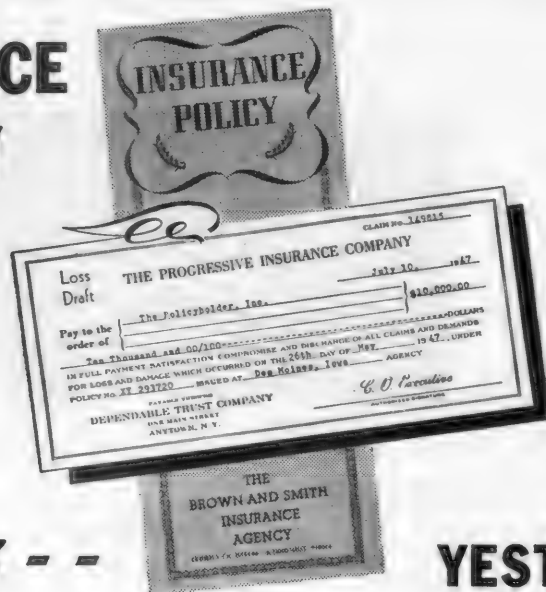
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INSURANCE TODAY



versus - -

IN THE YESTER-YEARS

In its specific purpose, Insurance continues to be what it has always been—PROTECTION against financial loss due to unforeseen events—the surest and most economical means to Security for Individuals and the Business World. This has not changed.

The scope and service of insurance, however, has progressed greatly over the years. Yes, Insurance definitely is better TODAY than in the past. Broader policies and additional kinds of protection have been and are constantly offered to meet the new hazards and conditions of current times both in private activities and in business.

Fire prevention and safety programs sponsored by the insurance companies, inspections by trained engineers, regulations and supervision constantly adjusted to present needs, all have aided toward improving protection service. Premium charges for many kinds of property, liability and personal insurance have been lowered. Claims service and loss payments have been speeded.

Professionally trained and experienced agents are better equipped to inform and advise you about the different kinds of protection and to assist you when you have a loss claim.

These are the facts. Test them by consulting an agent of a Company of the Commercial Union-Ocean Group, on your own insurance problems. Our representatives are conveniently located from Coast to Coast. Convince yourself that - - Insurance is BETTER Today!

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The Ocean Accident & Guarantee Corp. Ltd.
The British General Insurance Co. Ltd.

Union Assurance Society Limited
The Commercial Union Fire Ins. Co.
The California Insurance Company

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ATLANTA

CHICAGO

SAN FRANCISCO

Washington

(CONTINUED FROM PAGE 39)

and others who have commented on this subject would lead you to believe, but it goes to benefit directly and encourage the savings of millions and millions of others," said the Secretary.

Reserve Emphasizes Stability

Meanwhile the Federal Reserve Board, in a lengthy article in the Federal Reserve *Bulletin*, explained its actions in lowering reserve requirements and purchasing bills so as to make available \$2-billion of additional reserves to forestall an undue credit stringency and to facilitate the raising by the Treasury of nearly \$6-billion of new money.

"At the time there were indications that Federal Reserve monetary measures were beginning to have a more restrictive effect than was appropriate for the carrying out of the general objectives of economic stability," the Board explained.

Meanwhile it was noted elsewhere that before reserve requirements were lowered in the latter part of June, they had remained at levels to which they were raised in a period of considerable inflationary pressure.

It was in January 1951 that reserves were established at the previous levels. At that time the Treasury and Federal Reserve System had not yet reached their famous accord, which ushered in the gradual withdrawal of the Reserve from the support of the Government bond market. It was also before controls on real estate mortgage credit were installed, and before the Voluntary Credit Restraint program was put into operation.

Federal Reserve action, it was explained, was taken to maintain stability in the light of the seasonal demands for bank loans and Treasury funds. It is emphasized that the Federal Reserve has not returned to an easy money policy. If the money market began to act upon the assumption of such an easy money policy, it is said to be altogether likely that this would be countered by a boost in the discount rate.

Two Down; One Up

Congress finally provided for the ending of two Government credit

Our Foreign Economics

HERBERT BRATTER

IN THE foreign trade field the Eisenhower Administration has moved cautiously, with respectful recognition of the strength of protectionism in the Congress. Basically the status quo is preserved while something experimental in this field—a joint executive-legislative commission—makes a hurried review of all phases of foreign economic policy. This commission Congress approved just before adjourning, as part of a bargain package including a year's extension of the reciprocal trade agreements power and a deal regarding Tariff Commission investigations weighted rather on the side of higher duties.

Under the trade agreements renewal, the Administration has promised Congress, no substantial negotiations will be undertaken. Therefore, at the September Geneva meeting of power signatory to the General Agreement on Tariffs and Trade, the U. S. will be unable to negotiate on Japan's admission or certain other subjects. Japan's recovery alternatively may be aided by the GATT nations granting it most-favored-nation treatment. GATT tariff concessions expire January 1, 1954. Their extension in some form will come up at Geneva, as will the subject of import restrictions.

A CUSTOMS simplification bill passed Congress this summer—i.e., about two-fifths of it did. The more controversial and more important proposals relating to the valuation of foreign goods and foreign monetary units for U. S. Customs purposes have been left over for the Senate to pass upon more leisurely in 1954. But at least some progress has been made.

The House-endorsed move to add a member to the Tariff Commission fell by the wayside. So did the Simpson bill for putting quotas on petroleum products imports and fuel oil and certain import levies on lead and zinc. Instead the Tariff Commission will study the effect of such metal imports.

Having had to face various "escape clause" decisions this year, including briar pipes, scarves, filberts, figs, and wool, the Administration has been unable to make any promises to Britain on "trade,

not aid." The foreign aid program chugs along for another year, after some rough going on Capitol Hill. Encouragement of private American investment abroad is being given vigorous study in the Commerce Department; but investment, if true investment, creates its own repayment problem.

Even though the world's dollar payments problem will tend to be aggravated by declining U. S. gifts and unyielding U. S. trade barriers, foreign dollar and gold holdings have increased notably since early 1952. Contributing to foreign reserves have been the sustained U. S. imports and large U. S. Government spending abroad for military, stockpiling, and other purposes. Not all have shared equally in the growth of reserves and some, notably France, rely heavily on American subsidy. Expanded reserves have not brought automatic currency convertibility. A U. S. depression could quickly cut down such holdings.

ON August 1 the Foreign Operations Administration came into being, gathering together the MSA, the Technical Cooperation Administration, and various information and other offices here and abroad. The Eximbank also has been reorganized and subordinated to the NAC. Thus it loses a voice in determining U. S. policy on the World Bank, a "competitor," while the foreign financial reins are more firmly grasped by the Treasury. In early September the world's official financiers gather on the Treasury's doorstep, attending the annual Fund and Bank meeting.

To Latin America, which evidenced keen disappointment over the small fraction of our foreign aid moving southward, the President sent a goodwill mission headed by his brother. To South Korea we have launched reconstruction assistance. With Spain we are still negotiating aid-for-bases. French Indo-China, Iran, and many other countries have our close attention.

For us the uncertainties of the world constantly create economic and financial problems. For the outside world the uncertainties of U. S. politics create other problems. That makes Washington an interesting city.

WELCOME, A.B.A. TO YOUR NATION'S CAPITAL

*Since its organization over 81 years ago,
The Second National has contributed to the growth
and development of Washington,
your Capital City.*

*We take pride in the part we have played
and pledge a continuance of the sound banking
principles and dependable service that have
earned for us the confidence of all.*

The Second National BANK OF WASHINGTON

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John A. Reilly, President

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IMPACT



MARYLAND TRUST COMPANY in Baltimore, like many other banks throughout the country, sends IMPACT to a select list of its customers and potential customers.

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149 Broadway, New York 6, N. Y.

agencies, but created a new one to replace both.

The RFC is to be liquidated. It is to stop making new loans September 29. From then until June 30, 1954, the RFC will commence liquidating itself. Thereafter the agency will be transferred to the Treasury where its liquidation will continue.

Small Defense Plants Corporation a creature of the Defense Production Act of 1951, was allowed to expire July 31.

In place of the two, Congress established the Small Business Administration, an independent agency. SBA will succeed to most of the powers of SDPA to lend and to assist small business to acquire defense contracts.

In particular SBA, like SDPA, may bid on Government supply contracts, dividing these into subcontracts for small business applicants. However, SBA may bid on civilian as well as defense contracts. For this purpose it is authorized to use \$100,000,000.

SBA may make small business loans to applicants for defense production and also for non-Government purposes. A small business concern under the act is one which is independently owned and operated, and is not dominant in its field. The SBA may also use, as additional criteria in determining whether an applicant is a "small business" concern, data on the number of its employees, and volume of business.

Loan Limits

Individual loans to small business applicants are to be limited to \$150,000, whether these be direct loans of Government funds or loans in which SBA participates with private lenders. Congress authorized a revolving fund of \$150,000,000 for these loans.

Under the law, provision is made that no applicant shall be given credit unless he cannot obtain a loan elsewhere on reasonable terms, and most loans are to be limited to a maturity of 10 years. Congress ruled that SGA shall give preference to deferred participation loans, in which the Government's share is disbursed after the private share, and provided that no direct loans shall be made unless the borrower cannot obtain bank participation.

SBA also will take over RFC's job of handling disaster loans. For

(CONTINUED ON PAGE 100)

YOUR CORRESPONDENT BUSINESS IS IMPORTANT TO THIS BANK

Close Attention To Details—
Speedy And Accurate Service—
Respect For Local Problems—
Cooperation, Information,
Assistance And Prompt Action
When, Where And As Often
As Needed Make The Shawmut
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| 2. Sound, substantial Investment Advice | 6. Full-scale Personal Services | 10. Strong and experienced Trust Service |
| 3. Cooperative Excess Loan Policy | 7. World-wide Collections | 11. Consultation and practical advice on advertising and promotion |
| 4. Complete Currency Service | 8. Full, up-to-the-minute Credit Information, Analysis and Interpretation | 12. Architectural advice on building or remodeling |

On every count, in every department, you'll be happier doing
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program

WHEN was your bank last surveyed? The program you planned then may be out of date for today! With seventy years' experience in helping banks with their loss prevention plans, American Surety Company can make a survey of your bank without cost or obligation—and recommend a program to fit your *present* needs.

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(D)

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Name _____

Title _____

Bank _____

Address _____

City _____ State _____

(CONTINUED FROM PAGE 98)
this purpose it was authorized to use \$25,000,000.

Like RFC, SBA has a loan policy board, consisting of SBA Administrator, and the Secretaries of Treasury and Commerce or their designees. The policy board is to determine general lending policies.

William D. Mitchell, for a short time administrator of SDPA, was appointed administrator of the new Small Business Administration. Mr. Mitchell, a native of Utah, is a business and law graduate, and during War II had considerable experience in Government procurement.

In its first statement since it was established, SBA announced that it would neither accept applications from small business concerns nor approve loans until September 29, when RFC's lending power expires. Applications until September 29 should be directed to the RFC, and not to the new agency.

Approve Timber Loans

Congress approved legislation, at the behest of Congressmen from far-western and some southern states, authorizing national banks to make loans on timberland tracts.

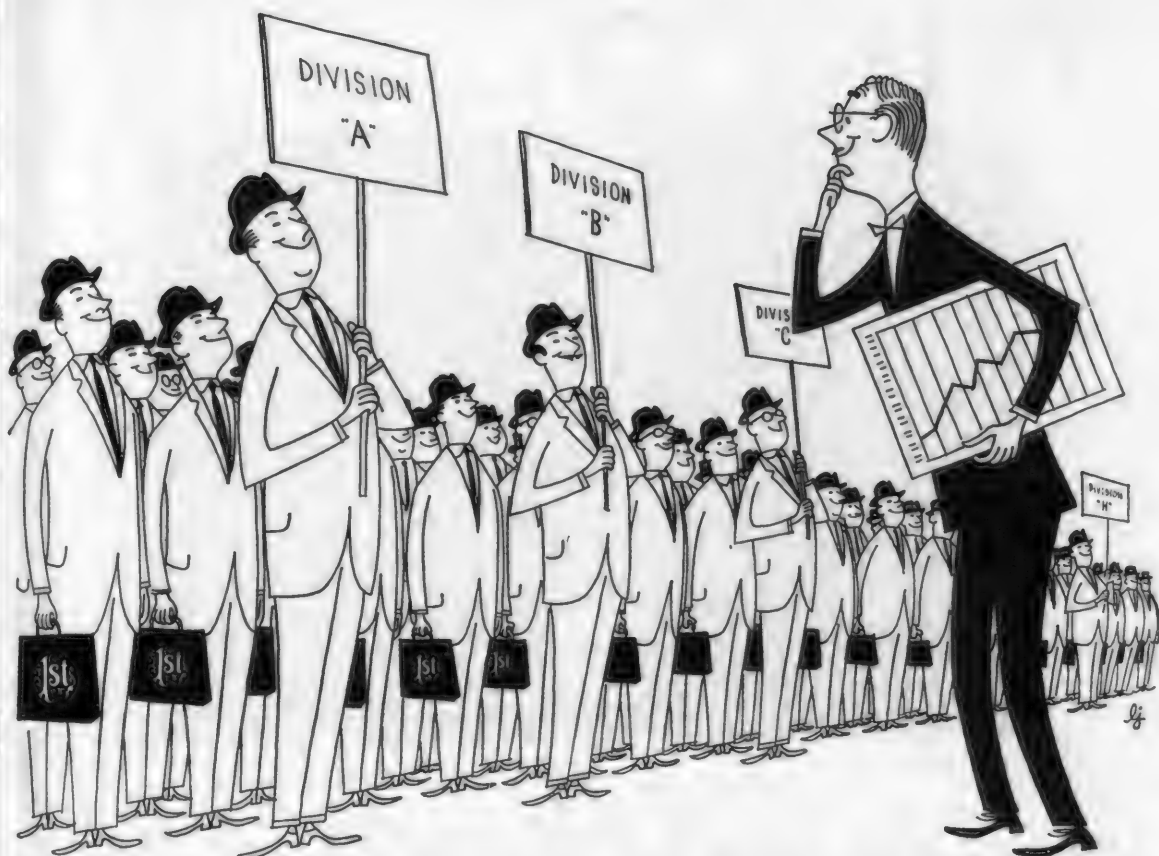
Although the Comptroller of the Currency wanted the loans limited to 3-year terms, Congress provided a 10-year term. Such loans may not exceed an amount equivalent to 40 percent of the appraised value of the economically marketable timber. Such loans also are limited to 50 percent of a bank's capital and 50 percent of its surplus.

A.B.A. Says Avoid Inflationary Credit

Representatives of the A.B.A. Savings and Mortgage Division attended meetings with spokesmen for other types of lending institutions and home builders to discuss broad problems of home financing. Later they conferred with Albert M. Cole, Housing and Home Finance Administrator, who has been directed by the White House to make a study of possible revisions both in the Government's housing laws and in the constitution of housing agencies, with a view to promoting economy and efficiency.

A.B.A. representatives emphasized the Association's position in support of sound mortgage credit, a sound dollar, and a sound national econ-

(CONTINUED ON PAGE 103)



Which specialists do you need? —we've got all kinds!

We believe that the greatest "school" for industrial specialists for almost fifty years has been our own Commercial Department at The First National Bank of Chicago. It will pay you to know why.

It all began back in the early 1900's with a simple, but new, organizational idea. Instead of assigning groups of lending officers in the Commercial Department to *geographical territories*, they were assigned to small groups of related *industries*.

In the years since, officers in each one of those Divisions have handled financing for their group of industries *alone*. So, because each Division specializes, its officers get to know their industries *intimately*.

Here's how that set-up works for you. You are working with a customer, or prospective customer. You discover that to help him to the fullest extent and to protect your own interests you need to know more about the business he is in than can be found out locally.

As a correspondent of ours you are entitled to the services of any of our Division specialists—without limit. There are ten of these Divisions, and they cover all industry.

If you would like to talk over the many advantages of being a correspondent of The First National Bank of Chicago, just write, wire, or phone. A man from The First will call on you.

EDWARD E. BROWN, *Chairman of the Board*

JAMES B. FORGAN, *Vice-Chairman* HOMER J. LIVINGSTON, *President* WALTER M. HEYMANN, *Vice-President*

HAROLD V. AMBERG, *Vice-President* HUGO A. ANDERSON, *Vice-President*
GAYLORD A. FREEMAN, JR., *Vice-President* HERBERT P. SNYDER, *Vice-President*



The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

PHILCO *leads the world to*



sound in Full Dimension!

This unusual-shaped opening represents one of the major advances of our time in the reproduction of sound. It is the "Acoustic Lens" . . . the speaker opening of the revolutionary new high fidelity sound system developed by Philco engineers for television, records, and FM-AM radio.

Called "Phonorama," this new development is the first system to re-create high fidelity sound with Full Dimension.*

Phonorama's effect on sound is somewhat like the addition of three dimensions and color to a motion picture.

When you listen, the difference between it and ordinary reproduction is as though a door had been suddenly opened. The room is flooded with sound . . . the purest, cleanest, most thrilling sound you have ever heard . . . from deepest bass to highest treble. And it is sound of unbelievable "presence" . . . *sound in Full Dimension.*

To achieve this spectacular result, Philco engineers quietly performed a number of electronic miracles—

They solved a problem that has plagued scientists for years—how to

produce a true, matched high fidelity system in a single, acoustically-balanced cabinet . . . they banished the usual open doors and large grille opening by developing the "Acoustic Lens," which diffuses the full high fidelity output of *Phonorama* throughout the room . . . and, finally, they evolved the electronic Visual Tone Blender—the first to actually indicate the range of sound being played by the instrument!

The impact of *Phonorama*, will be felt around the world. For the public demand for higher fidelity in sound reproduction is one of the cultural phenomena of our Century.

Here again, as in Television . . . Radio . . . Refrigerators . . . Freezers . . . Electric Ranges . . . and Air Conditioning . . . the unique ability of Philco to combine original research with engineering development and production for use, results in a significant contribution to the standards of performance for a great industry.



*Philco High Fidelity
"Phonorama" Television
Combination*



ANOTHER FIRST FROM **PHILCO**

(CONTINUED FROM PAGE 100)

omy. A.B.A. spokesmen said that it was necessary to avoid inflationary credit and was desirable to restrict the Government secondary mortgage market credit to a "stand-by" basis.

Meanwhile, the Federal National Mortgage Association, the Government "secondary market," resumed "one-for-one" purchases of VA and FHA mortgages where it sells an equal principal total of such Government-sponsored paper.

Holding Company Bill Postponed

Although the 1954 session of Congress will be confronted with an almost hopelessly crowded docket of highly controversial legislation, comparatively little of this will fall under the jurisdiction of the Banking committees. The issue of materials, credit and other controls were resolved for two years with the extension of the Defense Production Act. This was one of the most time-consuming subjects before the Senate Banking Committee during this year's session.

Hence, if the committee is disposed (as it indicated it would be) to resume in 1954 consideration of legislation to regulate bank holding companies further, then at this stage there would appear to be time available for the consideration of this subject.

The second phase of the holding company hearings, however, came abruptly to an end just before the close of this year's session. This was to obtain the views of the bank holding companies themselves. Only one day was devoted to these hearings when Senator Wayne Morse (Ind., Oreg.) refused to grant the Senate's unanimous consent to permit the Banking Committee to hold hearings while the Senate was sitting.

Thomson Presents Companies' Views

J. Cameron Thomson, president of the Northwest Bancorporation, Minneapolis, Minnesota, was the principal witness for the companies before the hearings were so abruptly cut off. He testified not only on behalf of his own company but presented a statement representing the views of 14 companies.

These companies, the statement said, "are agreed that there is no

(CONTINUED ON PAGE 106)



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... and around the world*

The services of main office, branches, and correspondents of Guaranty Trust Company are at your disposal. Complete facilities are available to meet every banking need.

Please feel free to consult with us.

Guaranty Trust Company of New York

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What one name comes to mind when you think of protective equipment in the banking field?



almost i



Mosler 24-Hour Depositories help banking establishments stay "open for business" around the clock.



New Mosler "Snorkel" Curb Teller makes drive-in banking service possible "right downtown."



New Mosler Electric Drive-In Window is fully automatic, operates with simple "push button."



New Mosler Teller's Counter Units and "Swing-Way" Seats combine to reduce teller fatigue, increase overall efficiency.

The *most famous* name in the field of protective equipment is also the *most forward-looking*. Here are just a few of the fine Mosler products that testify to the fact that new ideas are constantly "in the works" at Mosler. New ideas that promise even *more* significant developments to come your way in the future.

World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults

t instinctively

You think of the name that has become synonymous with the world's best protection for over 100 years . . . the name that appears on the U.S. Gold Storage Vault Doors at Fort Knox . . . on protective equipment in a vast majority of America's Federal Reserve Banks . . . and in over 70% of *all* banks and financial institutions throughout the world. That name, of course, is "Mosler."



Modern Revo-File gives bank clerks and tellers fingertip control over thousands of cards from sitting position.



The complete line of Mosler Record Safes includes Ledger Desk Safes, which protect signature and credit cards where they're used.



Two Million Mosler Safe Deposit Boxes have been installed since the end of World War II.



Precision-built Mosler Bank Vault Doors are used by leading banks, government agencies and financial institutions all over the world.

IF IT'S MOSLER . . . IT'S SAFE

The **Mosler Safe** *Company*
Since 1848

at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima.

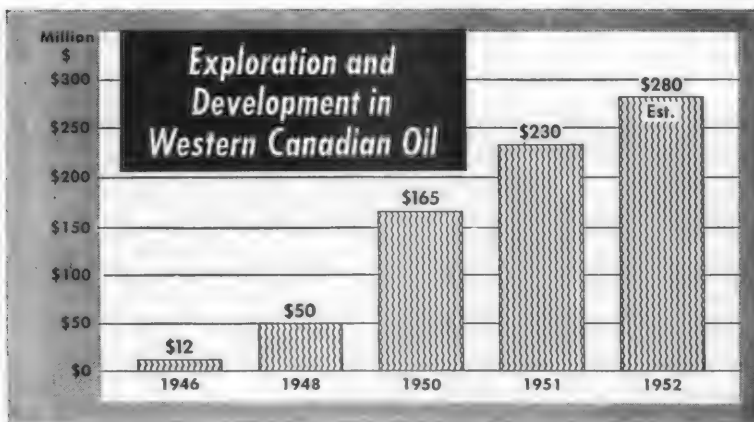
SEND US Your Letterhead

When you arrive home from the A. B. A. Convention—send us your letterhead—

1. We'll study it . . .
2. If we honestly believe it can be improved upon we'll . . .
3. Contact you and give you our suggestions.

A WOODBURY LETTERHEAD DESIGN always preserves a classic simplicity and balance, but it is, nevertheless, as modern as modern architecture.

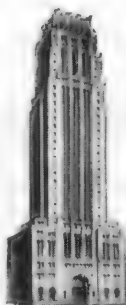
GEORGE D. MURRAY, General Sales Manager
Woodbury and Company, Inc.
Worcester 5, Massachusetts



The rapid rise of the Western Canadian oil fields as a factor in the world oil, gas and petro-chemical industries is illustrated in the chart above. American banks are invited to consult with us in behalf of their customers who may be interested in Western Canadian oil activities from any viewpoint. Kindly write either to our Petroleum and Natural Gas Division at Calgary, Alberta, or to any of the offices listed below:

**The Canadian Bank
of Commerce** Head Office—Toronto

New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
Over 600 Canadian Branches



Approach to Borrowing

"BORROWING Money from Your Bank" is the subject of an article in a Small Defense Plants Administration bulletin, *Management Aids for Small Business* (No. 33). The author of the article is William G. F. Price, vice-president of the Bank of the Manhattan Company, New York.

After dealing with the erroneous notion that bankers are willing to lend only to those who do not need to borrow, Mr. Price says: "To do this job (lending) properly, the banker is obligated to know as much as he can about the borrower himself, his business operations, and his business plans and problems. If you approach this relationship with an appreciation of that point of view, you will be doing your part in forming a sound, profitable, and enduring association."

(CONTINUED FROM PAGE 103)

necessity for additional regulatory legislation affecting bank holding companies. Notwithstanding this lack of necessity, however, some of the undersigned (companies) would be disposed to accept legislation, if reasonable, in the interest of bringing the matter to a close."

The joint statement asserted that "nothing has been shown to justify congressional action." All of the bills before the committee, the joint statement said, contain unsound principles and none would be acceptable. The remarks in detail were directed principally upon the bill which represented the views of the Federal Reserve Board.

In the first place, it was asserted, the Government regulatory agency would be given "a free hand . . . in dealing with (holding company) acquisitions without providing the basic safeguards of opportunity for hearings of any kind and of court review . . ."

It was also asserted that the FR bill would permit states to discriminate against national banks. The joint statement also attacked provisions relating to the divestment by holding companies of nonbank assets, declaring that such diversified assets might afford the holding companies a factor of strength.

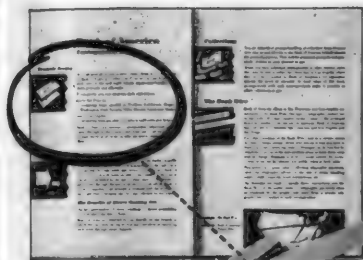
Mr. Thomson also reviewed in detail the growth in the Northwest Bancorporation, relating this growth to the needs of the region served.

(CONTINUED ON PAGE 108)

We'd like you to have this booklet



*... it tells the complete story of what
Bank of America correspondent
service can do for you.
For example:*



Transit Items



You may send all of your western transit items in one cash letter to Bank of America at either San Francisco or Los Angeles. At each point a day and night transit department handles such items promptly and efficiently.

If you prefer, you may send two daily cash letters—

one to San Francisco—

containing items payable in Northern California, Oregon, Washington, Utah, Nevada, Idaho, Hawaii, Guam and Alaska.

one to Los Angeles—

containing items payable in Southern California and Arizona.

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THE TEXAS COMPANY

—204th—

Consecutive Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company has been declared this day, payable on September 10, 1953, to stockholders of record at the close of business on August 7, 1953. The stock transfer books will remain open.

ROBERT FISHER

July 31, 1953

Treasurer



DIVIDEND NOTICE

The Board of Directors has declared a dividend of 15 cents (\$.15) per share on the common stock, payable September 15, 1953 to stockholders of record August 31, 1953. The transfer books will not close.

W. W. HARTS, JR.

Treasurer

(CONTINUED FROM PAGE 106)

and explaining that this corporation was affording valuable services to the territory and to its banks.

Although Frank N. Belgrano, Jr., president and chairman of the Board of Transamerica Corporation, did not get to testify orally before the hearings closed, he declared that the Capehart holding company bill "is, in effect, a death sentence bill which would have the practical effect of forcing Transamerica gradually to go out of business."

Mr. Belgrano also commented publicly on the decision of the U. S. Circuit Court of Appeals at Philadelphia, invalidating the order of the Federal Reserve Board, in its Clayton Act case, requiring the corporation to divest itself of stock ownership in some 47 banks in the Pacific and Mountain states. The Court ruled that the Board had failed to make a case of its charges of violation of the antitrust laws.

This decision, Mr. Belgrano said, has now completely vindicated Transamerica Corporation.

Under the law the Federal Reserve Board had 60 days from the

date of decision, July 22, to appeal the case to the Supreme Court.

FCA Gets New Status, New Chief

Congress approved a change in the Farm Credit Administration's status, giving it autonomy within the Department of Agriculture. Its policies are to be determined by a Farm Credit Board, made up in large part of representatives of the various classes of cooperative-borrowing associations, but with Presidential power to a considerable degree over selections.

In place of I. W. Duggan, resigned Governor C. R. Arnold, formerly Production Credit Commissioner of the FCA for many years, was appointed Governor of the FCA.

A provision of the new FCA law is that within one year the new Farm Credit Board is required to submit its ideas to Congress for retiring remaining Treasury capital in FCA institutions.

Banks Cooperate on Drought Loans

Department of Agriculture officials said that banks were cooper-

(CONTINUED ON PAGE 111)

HAVE YOU SEEN . . .

(1) The underlying statements which touched off the issue of raising the debt limit and fiscal problems generally, including:

- (a) President Eisenhower's message to Congress on this subject. Write to the White House, Washington 25, D. C.
- (b) Treasury Secretary Humphrey's explanation of the need for a boost in the debt limit. Write to the Information Service, Treasury Department, Washington 25, D. C.
- (c) Senator Byrd's statement of opposition. Write to The Hon. Harry F. Byrd, United States Senate, Washington, D. C.

(2) Treasury Secretary Humphrey's vigorous attack upon the opposition to sound money. Write to the Information Service, Treasury Department, Washington 25, D. C., for Secretary Humphrey's address, *Saving Made America*.

(3) Federal Reserve Board explanation of the circumstances and policy which led it to reduce reserve requirements and purchase bills. See the Board's *Bulletin* for July, 1953, or write to the Board, Washington 25, D. C., for a reprint of its article entitled, "Recent Credit and Monetary Developments."

(4) A discussion of the need for and problems involved in timber tract loans. Write to the Senate Banking and Currency Committee, U. S. Senate, Washington, D. C., for the subcommittee hearings on S. 2069, the timber tract loan bill.

(5) An official explanation of how the Federal National Mortgage Association will operate its "one-for-one" mortgage sale and purchase plan, resumed at the end of July. Send to the President, Federal National Mortgage Association, Washington 25, D. C., for *Federal National Mortgage Association Bulletin No. 306*.



Muscles for a nation's air arm

Since it started in 1939, the operation of the McDonnell Aircraft Corporation of St. Louis has been characterized by daring, imagination and technical foresight in building planes for America's defense. From its modern plant have come such battle tested planes as the jet-powered *Phantom* and *Banshee*, and the sensational new *Voodoo* and *Demon* jet fighters.

As with so many of America's industries, U. S. F. & G. has participated in the growth of McDonnell by providing the various insurance coverages essential to its operations.

Whether you produce planes or trains; whether you sell goods or services for the home or for defense; no matter what you do, there are U. S. F. & G. coverages to meet your needs.



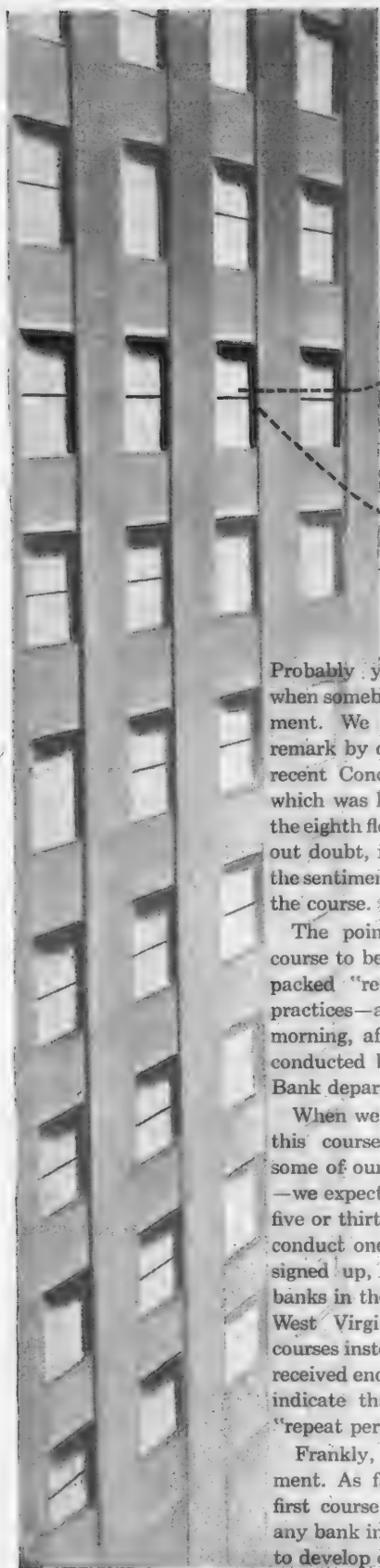
Over ten thousand agents . . . there's one in your community.
Consult him as you would your doctor or lawyer.

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*"don't think
it hasn't been fun
...because it hasn't!"*

Probably you've heard this comment, when somebody completed a tough assignment. We happened to overhear this remark by one of the "graduates" of our recent Concentrated Course in Banking which was held in our new classroom on the eighth floor of our bank building. Without doubt, it expressed pretty accurately the sentiment of many others who attended the course.

The point is, we didn't expect this course to be *fun*. We planned it as a fact-packed "refresher" in modern banking practices—a four-and-a-half-day period of morning, afternoon and evening sessions conducted by officials of various Mellon Bank departments.

When we first announced our plans for this course—and discussed them with some of our Correspondent Bank friends—we expected that we might get twenty-five or thirty people to attend, enough to conduct one course. Instead, eighty men signed up, representing eighty different banks in the Western Pennsylvania-Ohio-West Virginia area. We operated two courses instead of one. And already, we've received enough additional applications to indicate that we may have to stage a "repeat performance" next spring.

Frankly, the whole idea was an experiment. As far as we know, this was the first course of its kind to be offered by any bank in the country. It was necessary to develop our own case-study techniques

—covering such subjects as credit, installment credit, bank operations, bank investments, money markets, real estate loans, insurance protection, audit controls, public relations, advertising and personnel. The results and the interest shown were not only gratifying to us, but stimulating as well.

What is Mellon Bank's stake in all this? Only that it is further evidence of our belief that whatever helps banking helps Mellon—and that Correspondent Bank relationships can, and should go far beyond the rendering of merely routine services.

★ ★ ★

P.S. We were pleased to learn just before this advertisement went to press that one of our "graduates" applied the audit section of this course almost immediately. Using audit procedures discussed at our school, this banker was able to deal effectively with a shortage that was discovered in one of his bookkeeper's accounts amounting to almost \$700.

MELLON
NATIONAL BANK
AND TRUST COMPANY
PITTSBURGH

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CAPITAL \$60,100,000 SURPLUS \$150,000,000

(CONTINUED FROM PAGE 108)

ating fully, according to their reports, with the Government's emergency drought loan program.

Congress provided \$150,000,000 for emergency loans. These are largely of two types. The first is for any farmers who suffered as a result of the drought in the Southwest, or other natural disasters. These loans are available for roughly any agricultural purpose.

However, the loans are not available to a farmer who can obtain credit either from a bank or other private source, or from Government-sponsored credit agencies.

A second type of loan may be nationwide. It is available to livestock producers, in amounts of \$2,500 or more per loan, and also is denied to those farmers who have access to other sources of credit.

Farmers Home Administration is disbursing these loans directly with Government funds. The Government is taking such collateral as the borrower may have to offer.

In connection with these emergency loans, banks are not asked to subordinate formally their liens to the Government. However, Farmers Home is asking banks to agree to stand by, not enforcing their claims, until the debtor-farmer has had a chance to work out of his difficulties, difficulties occasioned either by the drought itself or by a depressed cattle market occasioned by forced sale of cattle from drought areas.

Banks are referring many of their customers in the drought area to the Farmers Home Administration, the Department reported.

"Dress up that line . . . throw back those shoulders!"



GREETINGS and BEST WISHES to the A. B. A. Convention

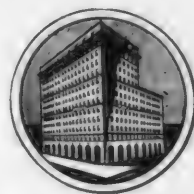
UNION PLANTERS NATIONAL BANK

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MEMPHIS, TENNESSEE

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RCA Modernphone speeds internal communications these 3 important ways

Here, at last, is real speed in internal communications—the RCA Modernphone. It's easier to use than your telephone—faster in nearly all applications than any other system. AND RCA Modernphone adds efficiency to speed, because it cuts the errors that slow up administrative routines.

Here's how:

1. No more half-messages—Modernphone has no complicated switching which often cuts the speaker in half-way through a message—cuts him out before he's finished. With Modernphone, the channel is open both ways. You hold a normal telephone conversation with a standard telephone-type handset.

2. No more errors due to half-attention—When you speak to a key man on Modernphone, he gives you his full attention. Contact is more personal—message seems more compelling—Modernphone asks for attention—and gets it.

3. No more half-clear messages—You can understand when you hear it over Modernphone. It's the quality of sound you're used to, after years of using your telephone. Modernphone doesn't broadcast your remarks. You'll appreciate Modernphone. It's

the method of doing business you know best.

Find your man in an instant

No directory, no numbers, no dialing, no delay. Just push a button, and you ring your man. Arrange your Modernphone system for three to 30—or more—stations. Give every key man the advantage of Modernphone speed.

Keep switchboard free for outside calls

Modernphone operates independently of switchboard, prevents overloading board with inside calls, lets you check with key personnel while you're talking on an outside wire.

Try it for speed in this free demonstration

Let the RCA Intercom Distributor show you how Modernphone works... right at your own desk. See if you don't think it's the fastest intercom system yet.

Because Modernphone is so simple, the demonstration can be set up in your office in minutes. Modernphones operate on their own battery power or may be AC-operated.

TRY MODERNPHONE, and compare it with any other system for fast installation, fast administration.

Sound Products, Dept. 205-U, RCA, Camden, N. J.

- ☐ Please arrange a free demonstration of Modernphone in my office, without obligation on my part.
☐ Please send me information on Modernphone.

Name _____ Title _____

Company _____ Address _____

City _____ Zone _____ State _____



RADIO CORPORATION OF AMERICA



TV

(CONTINUED FROM PAGE 68)

hazards, car loan pitfalls, and the like. By all means, do not try to present *too much* program, a show beyond your means, a poor copy of another format; do not try to twist local talent into copies of Martha Raye or Lowell Thomas. Be wary of ad lib formats. Any program worthy of bank sponsorship, no matter how spontaneous it must appear, should have adequate rehearsal time and advance preparation. The visual medium magnifies flaws, highlights fluffs, and throws the most accomplished amateur off stride.

The Outlook

There is no doubt that local stations will soon have more imaginative programming material available, will develop new talent and build formats which may be adequately produced within the area. There is little doubt that time segments throughout the day will take on added value as the early morning and noon hour spots have recently proved in many areas. There is little doubt that television is here to stay and that the banks will accept it as they have accepted the idea of using newspapers, radio, and visual displays for their promotion.

Television offers a vast and fascinated audience, the riches of programming possibilities heretofore undreamed of. Along with this depth of opportunity come complex problems, of course. The new medium should be approached with respect for its new problems if its full value is to be discovered and utilized. The banks, along with others who wish to reach an audience, will find the quest worth while if they try to understand the medium and use it thoughtfully and carefully.

Your bank is a guest in the living room of present and potential customers when you go on television.

An optimist is a person who thinks he has heard the last humorous definition of an optimist.

Marriage can be either ideal or ordeal.



Ancillary Service

Oil and
Real Estate

Interests

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Capital and Surplus
\$50,000,000.00
Largest in the South

REPUBLIC *NATIONAL BANK*
OF DALLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

News for Country Bankers

(CONTINUED FROM PAGE 51)

or 70 acres of corn. His watered corn averaged 120 bushels an acre. Twenty acres on poorer land which wasn't watered averaged 50 bushels. He credits 30 bushels to water on the good land.

"With his corn crop out of danger, Romines turned his attention to pastures and hay for 100 cattle. He watered 12 acres of Sudan grass, 16 acres of lespedeza and timothy, and 23 acres of soybeans and millet. Results were excellent. . . ." Continuing, the *Farmer* states:

"Most of Romines' grass is on rolling land and well above level of the Big Piney. His equipment consists of 50 sprinklers, 2,800 feet of pipe, and a pump that delivers 800 gallons a minute at 60 pounds of pressure. . . ."

"Romines' equipment cost \$4,100, including \$325 for pump. He estimates irrigation added 30 bushels an acre—boosted the crop value by about \$4,000. Value to pasture

would be additional. He thinks a farmer should have a minimum of 40 acres to water, plus a dependable source of water. His costs included 35 to 40 cents an hour for gasoline to operate the tractor."

Nebraska Credit Meeting

THE first agricultural credit conference to be sponsored by the Nebraska Bankers Association will be held at the Agricultural College of the University of Nebraska, Lincoln, on October 14-16, according to the *Record*, NBA's official publication.

The conference will be under the direction of NBA's Agricultural Committee and College of Agriculture staff members. The committee's chairman is R. P. Rinne, field service representative of the First National Bank of Fairbury.

New CCC Loan Rulings

THE U. S. Department of Agriculture has announced that private lending agencies which participated in the 1952 corn loan and cotton loan programs of the Commodity

Credit Corporation will be eligible to invest their funds in loans outstanding under these programs during the one-year period of extension, August 1, 1953 through July 31, 1954.

Lending agencies which participated in the 1952 cotton loan program will be offered the opportunity to purchase certificates of interest in outstanding 1952 loans. The certificates will carry a rate of 2½ percent per annum. Details concerning this offer will be issued by the Production and Marketing Administration Commodity Office in New Orleans.

With respect to 1952 corn loans continued under the resale program, agencies which now have funds invested in such loans may continue their investment in and hold the original loan paper after July 31, 1953 and will receive compensation at the rate of 2½ percent per annum from that date forward. Under the resale program, corn which was under purchase agreement will be eligible for loans. Lending agencies disbursing loans on such corn will receive compensation at 2½ percent per annum after July 31, 1953. De-

*Think of us
when you think of Japan*



THE MITSUBISHI BANK, LTD.

Known as THE CHIYODA BANK, LIMITED from October 1st, 1948 to June 30th, 1953,
it has now reverted to its old and familiar name.



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tails concerning the corn program will be issued by PMA county committees.

Rose's Farm Machinery Article Reprinted in Farm Retailing

AN article appearing in the May issue of *BANKING* by Andrew B. Rose, vice-president of the Liberty National Bank and Trust Co., of Louisville, Kentucky, entitled "How a Big Bank Helps Small Banks with Farm Machinery Loans," was reprinted in the July issue of *Farm Equipment Retailing*.

Calling attention to the use of this article by *Retailing*, Fred L. O'Hair, program director of the National Retail Farm Equipment Association in St. Louis, said:

"Our dealers are complaining in increasing numbers of their inability to place their customer paper."

Newsletter Goes Over Big

AFTER two issues of its newsletter, "Comings, Goings, & Doings," The First National Bank of Quitaque, Texas, is pleased with the response.

Here are Cashier O. R. Stark, Jr.'s comments on its effectiveness:

"We originally intended to pub-
(CONTINUED ON PAGE 117)

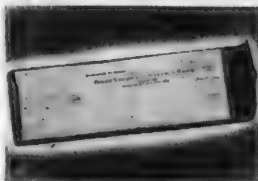
Benson Breakfast Speaker

Ezra T. Benson, Secretary of Agriculture, has accepted the invitation of the American Bankers Association to speak at the Annual Convention Breakfast of the Association's Agricultural Commission, according to W. W. Campbell, Commission chairman. Mr. Campbell is president of the National Bank of Eastern Arkansas at Forrest City.

This breakfast is an annual feature of the A.B.A. program and is open to all those attending the Convention. It will be held this year at 8 A.M., Tuesday, September 22, in the Presidential Ballroom of the Hotel Statler in Washington, D. C. The Convention sessions will run from September 21 to September 23.



DISCOVER DURA-GRIP and see for yourself how you can save money by using these more Economical CHECK BOOK COVERS



You'll be glad you discovered DURA-GRIP Check Book Covers for they have that rich "grained leather" look and yet, probably cost less than the check book covers you are now using. Here's why: (1) your initial cost is low. (2) your replacement cost is less, because of longer wear. (3) you save by eliminating check book tongues . . . patented DURA-GRIP clip holds checks firmly *without* the tongue.

So discover DURA-GRIP and you'll discover a new way to save money. Write or wire for samples today.

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CLARKE & COURTS, Houston, Beaumont, Dallas, Galveston and Harlingen, Texas; Lafayette, La.
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HONOLULU STAR-BULLETIN, Honolulu, Hawaii
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PROTECTU BANK NOTE, CORP., Chicago, Ill.
ROCKY MOUNTAIN BANK NOTE CO., Salt Lake City, Utah; Denver and Pueblo, Colo.; El Paso, Texas
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WESTERN LITHOGRAPH CO., Los Angeles, Calif.

COAST BOOK COVER COMPANY

810 East Third Street, Los Angeles 34, California



An added feature of this calculator is a device by which you can compute automatically the monthly amortization charge on a large selection of loan amounts at four different interest rates.

The hand of dishonesty is taking an increasingly heavy toll these days.

That's why it's a good idea to examine your Bankers' Blanket Bond closely to see that the amount of your protection gives you the margin of safety you need. Insufficient protection invites disaster!

To help you determine the amount of coverage you need, your Indemnity Agent will be happy to give you a handy Bankers' Automatic Calculator. You can find the suggested amount of Bankers' Blanket Bond coverage, as recommended by the American Bankers

Association, simply by manipulating the card in the slot. The amount slides instantly and easily into view.

This convenient desk device is free, of course. Talk over your Bankers' Blanket Bond with the Indemnity Agent—make sure it gives you *full* protection against all insurable hazards. And ask your Agent for your copy of the Bankers' Automatic Calculator.



**INDEMNITY INSURANCE COMPANY OF
NORTH AMERICA**

1600 Arch Street, Philadelphia 1, Pa.

PROTECT WHAT YOU HAVE®

(CONTINUED FROM PAGE 115)

lish an issue only 'occasionally,' but the response was so good that we decided to make it monthly. We include a copy with each customer's statement and mail a great number directly to people who have requested it.

"We can already see some good results from it, for in the two months we have been getting it out, it has caused quite a bit of comment. It has been read on two farm news programs on the Amarillo, Texas, radio station, and received some favorable comment in the Amarillo Daily News, as well as our local newspaper."

Mr. Stark says: "We cover the waterfront."

Wachovia Names Farm Man

WAYNE A. CORPENING, formerly western district agent for the North Carolina State College Extension Service, has joined the agricultural staff of Wachovia Bank and Trust Co., Winston-Salem, North Carolina.

In commenting on the appointment, President Robert M. Hanes stated that Mr. Corpening will have important duties in carrying on a broad farm-development program in the bank's trade area.

Mr. Corpening was graduated from State College with a B.S. degree in animal husbandry, after which he accepted a position as assistant county agent in Haywood County and in 1941 was named county agent.

He served in the U. S. Army during World War II and was discharged a lieutenant colonel. He received a number of military awards, including the Legion of Honor from both France and Belgium.

1st Trust of Syracuse Names Woodruff Farm Manager

THEODORE C. WOODRUFF of Mexico, New York, has been named manager of the new farm department of the First Trust and Deposit Company, Syracuse.

First Trust's farm department was created, according to President Albert B. Merrill, to permit the bank to serve farmers in its area better. As manager of this department, Mr. Woodruff will travel throughout



Theodore C. Woodruff

central New York, expanding the bank's loan service to farm customers.

He is a graduate of Cornell University; has been identified with farming for more than 20 years; and is a member of several regional and national farming groups.

Missouri Conferences

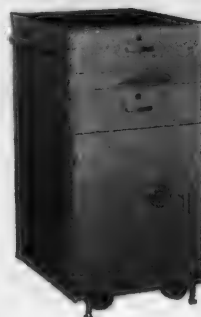
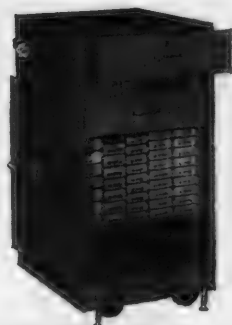
OSCAR J. STRATMAN, executive vice-president, Tipton (Missouri) Farmers Bank, chairman of the Agriculture and Forestry Committee of the Missouri Bankers Association, has announced that members of his committee will sponsor a series of six agricultural credit conferences during September. Cooperating are the Federal Reserve Bank of St. Louis and the College of Agriculture of the University of Missouri, says *The Missouri Banker*. A seventh meeting, devoted to forestry, will be sponsored by MBA in cooperation with the Missouri College of Agriculture and the Missouri Conservation Commission.

MBA's agricultural Short Course was discontinued by action of its convention in Kansas City and the conferences have been provided to take its place.

Farmers' Income Tax Guide

FACTS that should be valuable to the small timber owner in keeping records and making up income tax returns are presented in *Agricultural Handbook No. 52*, published by the Division of Forest Economics, Forest Service, U. S. Department of Agriculture.

Aluminum Portable Tellers' Buses of Distinction



Ask For 1953 Catalog
"THE STOKES SYSTEM"

- PORTABLE BUSES
- COIN STORAGE LOCKERS
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Quality Products Co., Inc.
P.O. Box 3214
CHARLOTTE 3, N. C.

*As a correspondent of First National
you can count on specialized help
for any banking problem that
might arise. You'll like our swift
correspondent service and our
enduring policy of COOPERATION--
NOT COMPETITION.*



THE FIRST NATIONAL BANK OF PHILADELPHIA

HARRY C. CARR, *Chairman of the Board*
WILLIAM B. WALKER, *President*
PHILADELPHIA 1, PA.
Member Federal Deposit Insurance Corporation

A committee of the Society of American Foresters, appointed to study the effect of forest taxation on forest practices, had an important part in the conception and development of this handbook. The committee believes (1) that many, if not most, small forestland owners pay more income taxes on timber sold or harvested than the law requires; (2) that overpayment detracts from the economic incentive to practice forestry; and (3) that forest practices on small holdings would be improved if the owners were informed of their actual income tax obligations and opportunities.

This booklet may be purchased from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, for 20 cents.

Nat'l Farm Week Observed

WHILE reports are not available as to what all of the state bankers associations did to encourage member participation in National Farm Safety Week on July 19-25, here's what a couple of seaboard states did:

In New York, for example, commercial banks in all agricultural areas were encouraged to participate by displaying appropriate posters and generally engage in special activities to emphasize the theme of farm safety, according to Nicholas A. Jamba, chairman of NYSBA's Agricultural Committee.

As in previous years, he said, the banks acted under the sponsorship of his committee and 54 county key bankers. "Our support of NFSW serves to identify our institutions with the interests and welfare of their farmer customers," said Mr. Jamba.

The California Bankers Association sent a copy of the National Safety Council's striking four-color poster to all member banks.

Mr. Jamba is vice-president and manager, agricultural credit department, The National Bank & Trust Co., of Norwich.

*Never before has it taken so long
for the lambs to grow a new crop
of wool in Wall Street.*

If Russia would keep on the right side of the road, there wouldn't be any collision.

TENSION INVENTIONS

**DEPOSIT
by Mail**

ENVELOPES To Save
You Labor, Speed Service,
Help Prevent Mistakes!

Here's a NEW, IMPROVED Tension Envelope for Mail Banking



Yes, it is really a streamlined system to help your bank encourage mail deposits . . . better, easier, more efficiently. It's brand new, yet already tested and proved in actual use.

Tension's NEW Deposit-by-Mail Envelope offers you the desirable advantages of simplicity . . . workability . . . safety . . . privacy . . . space for advertising.

It's as easy to use as a counter deposit slip . . . and just as familiar to work. It's Artlined for privacy. It provides effective advertising impact with a full panel for selling message on back of receipt. And best of all . . . it's fully sealed for privacy and can be registered to assure safe delivery.

You'll want to see a sample of this NEW Tension envelope for Deposits-by-Mail.

Write for a Sample Today!

**TENSION
ENVELOPES**

TENSION ENVELOPE CORPORATION

New York 36, N. Y.—522 Fifth Avenue
St. Louis 10, Mo.—5001 Southwest Ave.
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AIR CONDITIONING BUILDS CUSTOMER GOODWILL... IMPROVES EMPLOYEE EFFICIENCY!

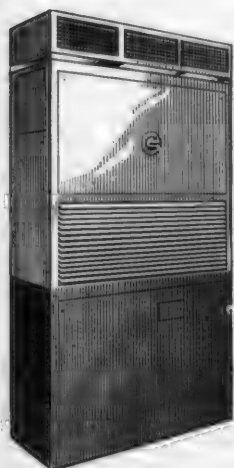
Surveys show that customers prefer to transact business in cool, refreshing comfort. In addition, a clean, quiet, stimulating atmosphere increases customer goodwill. That's why Chrysler Airtemp Air Conditioning is so important to your future plans.

You'll find, too, that Air Conditioning increases the efficiency of your staff, as well as adding to institutional dignity. That's because employees are more alert and efficient when not distracted by annoying heat, humidity or street noises.

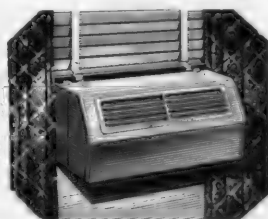
Choose the "Packaged" Air Conditioning which most people buy—Chrysler Airtemp. You'll get all these benefits:

- Outstanding quality . . . complete satisfaction . . . assured by the Chrysler Airtemp name.
- Chrysler Airtemp Air Conditioning is *time-tested* . . . your warranty of top efficiency.
- Competitive price.
- Nationwide network of dealers ready to render prompt, courteous service should it ever be required.

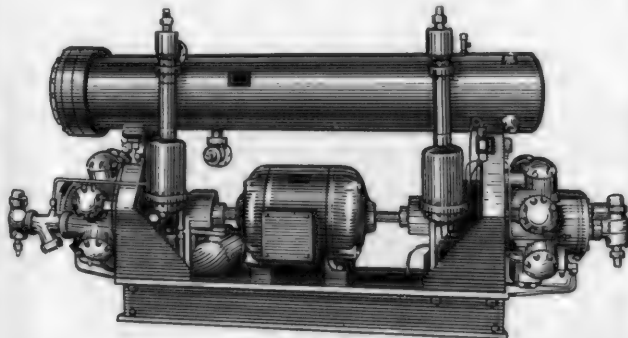
Get all the facts. See why it will pay you to choose Chrysler Airtemp Air Conditioning!



"Packaged" Air Conditioners
Six models from 2 to 15 H. P. capacity. Meet most cooling needs.



Room Air Conditioner
Fits in window, cools, filters, circulates fresh outside air.



Central Station Unit
The efficient "heart" of larger air conditioning systems.

*Comfort
Zone*

FOR
PROFIT



*Chrysler
Airtemp*

HEATING • AIR CONDITIONING for HOMES, BUSINESS, INDUSTRY

Airtemp Division, Chrysler Corporation, Dayton 1, Ohio

Airtemp Division, Chrysler Corporation
P.O. Box 1037, Dayton 1, Ohio

B-9-58

I'd like to know more about Chrysler Airtemp Air Conditioning.

Name _____

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FOR YOU...FOR

Fire Prevention

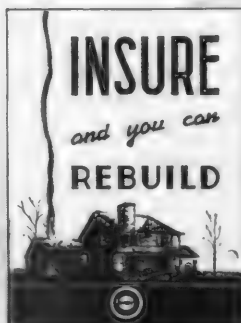
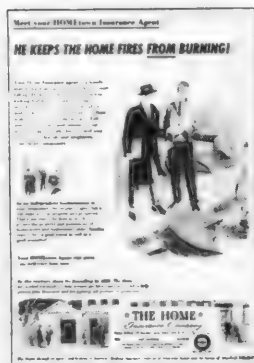
Week

FIRE PREVENTION WEEK, October 4-10, offers unusual opportunities for the insurance agent to win greater recognition for himself and his agency...play a major role in community activities...and do more business!

The HOME is paving the way for you with big, full color advertisements like the one shown on the opposite page. Appearing in national publications, these advertisements will be read by an estimated 48,000,000 people—your clients and potential policy-holders. You can take advantage of this advertising in your area by using the special material provided by The HOME *without cost* to you. This material includes advertisements ready to go into your local newspapers, posters, sample speeches and other sales aids.

Your HOME fieldman will be pleased to supply you with all you need. Why not plan to get the most out of Fire Prevention Week by asking him for this material today?

Posters



★ THE HOME ★
Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE AUTOMOBILE MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

Meet your HOMEtown Insurance Agent

HE KEEPS THE HOME FIRES FROM BURNING!

Your Home Insurance agent is a handy man to have around when the leaves start falling! He knows that even a harmless-looking leaf fire can suddenly blaze into danger. He is an expert on safety and his keen sense of community welfare makes him a true public servant. Fall and winter, spring and summer, your insurance agent works for you and your family, your friends and neighbors, your entire community.



As an independent businessman in your community, the insurance agent has a real stake in local progress and prosperity. That's one reason he does so much to protect the property and possessions of homeowners and businessmen alike. Another reason: he's a good friend as well as a good counselor!

Your HOMEtown Agent can serve you well—see him now!

In the century since its founding in 1853, The Home has worked constantly to help firemen get better equipment and to help prevent fires. Insurance and fire-fighting are partners in protection.



★ THE HOME ★ Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

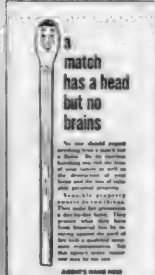


The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of

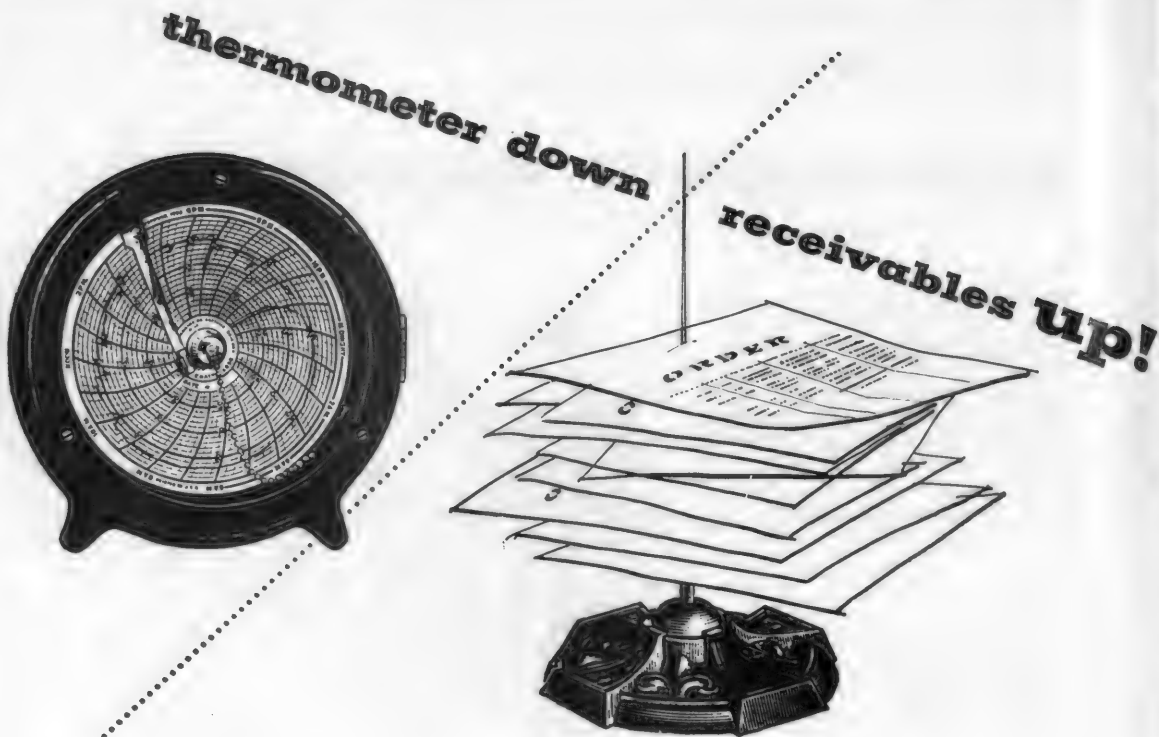
As a full page in
four colors, this
ad will appear in:

Saturday Evening Post — Sept. 25
U. S. News & World Report — Sept. 29
Business Week — Sept. 26
Time — Oct. 5
Better Homes & Gardens — Oct.
Nation's Business — Oct.
Pathfinder — Oct.
Successful Farming — Oct.

Folders



Newspaper
Mats



"The colder the winter, the better." So felt this distributor of heating fuel oils. However, cold winters also meant extraordinary accounts receivable accommodations to support community demand.

The company was a good earner, but as all available cash was needed for additions and improvements to properties, there was a working capital deficit.

A major supplier carried the inventory and the bank held a mortgage on the property. The business kept growing and the prospect of being called upon again to support their client's seasonal rise in receivables (in greater amounts than the previous year) was beyond the bank's scope.

The bank turned over the receivable problem to Walter E. Heller & Company with benefit to everyone. This arrangement has provided adequate funds to carry out an expanding sales program, has maintained a substantial deposit account for the bank and has earned the client's good will and appreciation.

Bank officers charged with responsibility for making loans are invited to learn the details of Heller Supplementary Financing. A booklet describing the nature of our services and the scope of our activities will be sent on request. Suggestions for dealing with specific problems will be given in confidence and without obligation. Please address:

BANKING SERVICE OFFICER

WALTER E. HELLER & COMPANY

Established 1919

15th FLOOR 105 W. ADAMS STREET, CHICAGO 90, ILLINOIS
NEW YORK OFFICE 13th FLOOR 10 E. 40th STREET, NEW YORK

THE FINANCIAL SERVICES

rendered by Walter E. Heller & Company are not fully identified by simple tabulation because they are variously coordinated and applied to fit specific situations.

The following types of supplementary financing are flexibly administered according to experience gained from national operations which now represent a volume in excess of \$300,000,000 annually.

BANK PARTICIPATION
ACCOUNTS RECEIVABLE FINANCING
INDUSTRIAL FACTORING
INSTALLMENT FINANCING
REDISCOUNTING
MACHINERY AND EQUIPMENT LOANS
INVENTORY LOANS



Audit

(CONTINUED FROM PAGE 44)

mon practice to have a committee, usually known as the "auditing" or "examining" committee, attend to this duty on behalf of the full board. This committee makes all of the arrangements, receives the report directly from the auditor, and in due course makes a report to the full board. Naturally, this committee would not include any directors who were also officers of the bank, since it is apparent that no one should be asked to audit himself.

Each Bank Unique

No two banks are alike, even in the case of banks of similar size. Since, therefore, no one can say to us "do this" or "don't do that," we will have to decide what is best for our own particular bank. No doubt the first problem to be considered will be: "Do we have a good internal control system?" In answering this question we can get valuable help from, among others, the American Bankers Association, the National Association of Bank Auditors and Controllers, some state banking associations, the bank examiners, correspondent banks, and any firm of certified public accountants accustomed to doing bank work. There will be plenty of material available to develop a satisfactory program.

Next there is this generalization, frequently overlooked but extremely important: *A perfect system of internal controls is useless unless there is someone officially assigned to check that the system is functioning properly.* No internal audit control can be made to operate automatically.

The necessity for supervision arises because some of the work is inevitably done by people who simply go through the motions without a proper consideration of the purpose and application of the work they are doing. Also, as personnel changes, some of the important details of the audit system are not properly explained to the person who is taking over the work, and thereafter only a part of the work is completely executed. In smaller banks the audit work is usually in addition to the regular daily work, so it is natural that some of the audit procedures are allowed to fall by the wayside.

Some examples of these failings might be interesting. A certain bank had a strict rule that no savings teller would be allowed to keep a depositor's passbook. After a large number of passbooks were discovered in a savings teller's desk, investigation disclosed that, since the rule was originally promulgated, the entire personnel of the department had changed and the new members of the department were not aware of the requirement. In another case a very conscientious clerk was carefully checking the work of another department according to the audit schedule. The only trouble this time was that, when an error was discovered, the untrained auditor simply returned the work for correction, and without comment to anyone, to the person who had made the mistake in the first place.

Defalcation Types

One of the difficulties of establishing proper audit procedure and control is that there are no less than three fundamentally different types of defalcations which occur from time to time in banks. One is the "king size" operation, usually perpetrated by one of the top officers of the bank. This type of operation has been known to extract from the bank virtually all of the assets except the vault door. The second is the "clip," which appears as an occasionally "unaccountable" disappearance of small amounts. The third type is the "swindle" involving a bank depositor and, usually secondarily, and sometimes inadvertently, a bank employee. The auditing defense against these three vastly different types of attack will necessarily be just as varied, and expert understanding is indicated.

So let us assume that we have been appointed to an auditing committee, faced at our first meeting with this decision: Shall we employ a full-time auditor, a part-time auditor, hire an outside firm of accountants, or install a combination of these possibilities? Since, as has been noted, no two banks are alike, we must make our own decision. If we decide upon a part-time auditor, only a partial solution to the problem has been achieved, because some of the work which the part-time auditor is doing in the other part of his time will have to be audited by someone else. The work of a part-time auditor should be com-

bined with the work of the outside auditor, or auditing firm. The outside auditor can include with his annual audit the work of the part-time auditor, thus reducing the time and expense of the work.

The full-time auditor will solve our problem and is recommended for banks with total assets of \$10,000,000 or more, although some authorities would bring this figure down to \$7,500,000 in assets. Our committee should remember that our auditor's salary is by no means just another expense. Our full-time auditor will do considerably more than just checking up. He can, and should, be responsible for the various operating procedures throughout the bank. If, in the course of his work, and this is likely, he can improve the system whereby either labor or material costs can be reduced, he will have established a credit against the cost of his salary. He will be in a position to check our bank's results against the figures published by the Federal Reserve System and the banking associations, and through these comparisons make recommendations to the board. Many bank auditors are also tax experts, and if they are able to reduce the bank's tax liability, they have also created a credit against their own cost. All bank auditors should, of course, report directly to the board or its auditing committee.

No attempt is here made to detail the work which the auditor, or the outside auditing firm, should do. There is ample material available. Our concern at this time is only with the responsibility of the board.

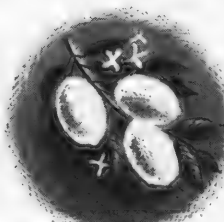
Need for Outside Audit

The outside audit is a necessity for all banks except possibly the very largest. A minimum requirement would be an annual audit, supplementing and entirely independent of the supervisory examination. The maximum would be an annual audit plus a continuous audit of income, expenses, and verifications. In between are all manner of combinations.

The detail of work to be done by the bank's auditor and the outside auditor and the combination is readily available. Our director's responsibility is not concerned with this detail, but only to know that our bank's audit procedure and control, adequate for our particular bank, are duly provided.



Have you business in



SANTA BARBARA?

It's possible that Santa Barbara — city and county — is in both your Trust and Commercial active files.

This section of Southern California has been a Mecca for Tourists and the Retired since the days of the Dons. But today's income is from many sources. Santa Barbara has the state's largest annual county income from cattle and calves (near \$24,000,000) ... a \$7,000,000-plus yearly lemon crop ... petroleum production, over \$86,000,000 ... other mineral production worth \$4,900,000 ... a per capita income (1950) of \$1,581.

Security-First National is the bank to serve you in Santa Barbara County ...

We've been there since 1886 — and we've had five Branches in the county ever since 1905. They're in Santa Barbara, Santa Maria, Guadalupe, Lompoc and Carpinteria.

And, of course, a single Correspondent account with Security-First National puts at your disposal the facilities of all our 140 Offices and Branches ... providing complete, competent, streamlined Correspondent service from Mexico to mid-state Fresno, as well as throughout the vast Metropolitan Los Angeles area.

We would be pleased to serve you as your Correspondent. Write: Bank and Customer Relations Department.

RESOURCES OVER 1½ BILLION DOLLARS

MANAGING COMMITTEE

George M. Wallace, Chairman
Chairman Board of Directors

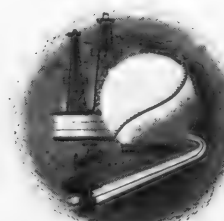
James E. Shelton
President

C. T. Wienke
Vice President

Chester A. Rude
Chairman Executive Committee

Paul D. Dodds
Vice President

Lloyd L. Austin
Vice President



**SECURITY-FIRST
NATIONAL BANK**

OF LOS ANGELES

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Teaching Teachers

(CONTINUED FROM PAGE 45)

ment loan interviews. They were taken through the collection and payment departments, and briefed on some of the problems of delinquent loans.

Finally, a loan officer explained the bank's policies with respect to instalment credit. The survey of the instalment loan department was short, but it was intensive enough so that Mr. O'Neill and his associates could learn enough to help their students.

It is obvious that today the Valley National Bank teacher training plan has a number of public relations implications. But it started out as a recruiting program, and its primary goal remains unchanged.

Therefore, the teachers' visit to the personnel and operations department was particularly illuminating from the standpoint of the bank. In this department, the teachers saw orientation film slides shown to familiarize all new employees with the bank.

After an inspection of the department, different personnel and operations officers spoke to the teachers on the subjects of training, salary administration, testing, bank organization, and purchasing.

During the time spent in this department, as in others, the teachers were encouraged to express their views.

Teachers Say Their Say

Ever since the first year the course began, it has been a give and take affair, and the teachers have been free to say what was on their minds about banking in general or about the Valley Bank in particular.

This summer the course was climaxed by "graduation" ceremonies in the bank lunchroom. President Carl A. Bimson awarded handsomely mounted certificates to teachers completing the course.

However, the story doesn't end with graduation. The teachers will follow through with critical essays on bank operations.

From the standpoint of the bank, it's just a matter of good business. Cooperation with Phoenix high schools has paid dividends for the Valley National Bank—dividends in the form of skilled personnel now at work in almost every department.

Other Organizations

(CONTINUED FROM PAGE 77)

The school is sponsored jointly by the VERMONT BANKERS ASSOCIATION and the Department of Commerce and Economics of the state university.

This year's program is similar to that of previous sessions, with an opportunity for discussion following each lecture. There are no grades or final examinations, and no prescribed study is required during or after the school session. Certificates are given to those who attend the full program. Subjects covered include investment, operations, loans, personnel, and policies.

* * *

THE seventeenth annual session of the CAROLINAS BANKERS CONFERENCE was held in mid-July at Chapel Hill, N. C. It is sponsored jointly by the state bankers associations of North Carolina and South Carolina, the two states' banking departments, and the University of North Carolina.

The school is divided into commercial banking, agricultural, and credits divisions.

* * *

THE Virginia Bankers School, sponsored by the VIRGINIA BANKERS ASSOCIATION at the University of Virginia, was held from August 23 to 28 this year. The broad and well balanced curriculum included economics, consumer credit, investments, personnel, public relations, trusts, mortgage lending, and audits and controls.

Illinois Staff

GEORGE S. GOODELL has joined the staff of the ILLINOIS BANKERS ASSOCIATION, according to a recent announcement by Kirk E. Sutherland, secretary. Mr. Goodell comes to the association from the Chicago general offices of the United States Steel Corporation, where he was associated with the credit department.

PR in Lending

THE *Public Relations Side of Lending* is the latest project to be published by the PENNSYLVANIA BANKERS ASSOCIATION, Harrisburg, as part of its Cooperative Educational Program for member banks.

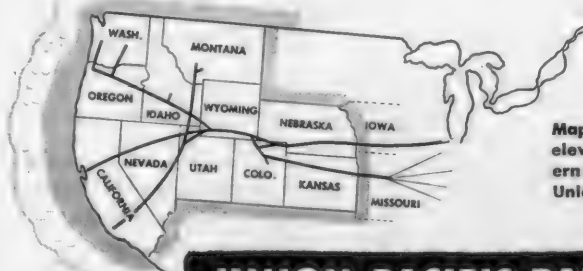


Thinking of "TRANSPLANTING"?

Selecting a new plant site . . . regardless of the purpose for which it is intended . . . becomes a major project when one realizes all the angles that the company's executives must consider.

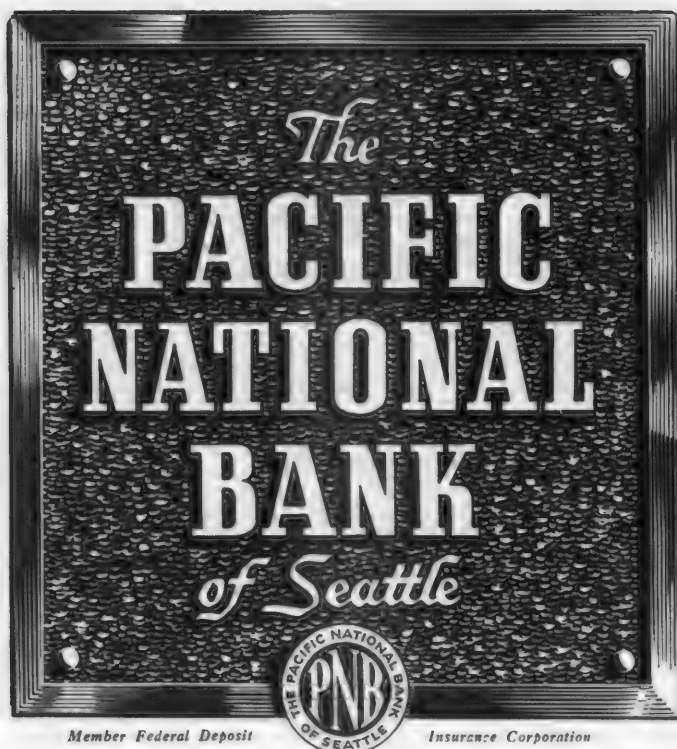
There are many areas in the Union Pacific West that would come close to meeting your specifications—but what we'd like to do is help you find the *one* location that really has *everything* you're looking for.

That's why we suggest you get in touch with your nearest Union Pacific freight representative and let him start the wheels rolling. Or—outline your requirements in a letter to the Industrial Development Dept't, Room 289, Union Pacific Railroad, Omaha 2, Nebr. Either way, your request will receive prompt and confidential handling.



Map at left shows eleven-state western area served by Union Pacific.

UNION PACIFIC RAILROAD



Member Federal Deposit

Insurance Corporation

Pacific National's alert understanding of Northwest and Alaska business can benefit your customers. Put this specialized knowledge to work for you!

Training Farmers to Budget

(CONTINUED FROM PAGE 55)

plainly presented to them. We call this type a "Bad Luck" farmer.

The operator we worry about most is the one on a farm of 200 acres or less in this area and whose debt is large. He is usually inclined to be optimistic in his statements of what he can pay the bank in the ensuing year from the sale of hogs, cattle, wheat or perhaps corn. Many of these farmers still are surprised when a routine item such as taxes, insurance, veterinary bills, fertilizer bills, and the like come along and take his income just at the time he thought he could pay off the bank's loan.

The average farmer avoids bookkeeping like poison but many of them have learned a lot about it in the past few years. Many of them enjoy doing a pretty fair job of bookkeeping if it is within the limits of their mathematical concepts. For those who are not able to do this and many times for those who are, the conference at the banker's desk will suffice.

Banker-Farmer Conference

With the financial statement of the farmer in front of him and the farmer to answer questions, the banker can take this budget and fill it out in 30 to 45 minutes. The farmer may not believe the answer that will come out of the budget in response to his own answers to the questions, but it is high time he did start to believe it. By asking him to fill in the monthly estimates based on prevailing prices on the kind of an operation he wants, he often learns that the proposed step will not be profitable.

For each farmer who looks as though he has a reasonable chance of breaking even or better we can then use the budget to educate him as to his probable monthly cash needs and arrange a credit line so that he does not have to come in and fight the problem out again every time he faces some unexpected cost. This budget can be used in the bank or can be handed out to farmers. When they are handed out we give them the following:

- (1) An explanatory letter;
- (2) a set of instructions; and
- (3) columnar sheets in which information is to be placed.

JEWELRY

FROM

ESTATES

**PURCHASED
APPRAISED
BIDS SUBMITTED**

Jewels of Any Description

DIAMONDS

PEARLS

EMERALDS

SAPPHIRES

RUBIES

GOLD, SILVER OR PLATINUM
JEWELRY

.....
CHARLES BRAUNSTEIN, Inc.
608 FIFTH AVE., NEW YORK 20, N.Y.

BANK REFERENCE
MANUFACTURERS TRUST CO.
513 FIFTH AVE. • NEW YORK, N.Y.

**We will purchase Defaulted
Niles Center Illinois
Improvement Bonds**

Write Box 9, BANKING
105 West Adams Street, Chicago 3, Ill.



This kind of TEAMWORK means GOOD TIMES IN DIXIELAND

Banker John K. Wilson (right) visited Purina's Gray Summit, Missouri, Research Farm recently, along with Purina Dealer Bud Smith (center) and Salesman T. E. Veitch (left). Wilson and Smith were so impressed they returned home and arranged another tour which resulted in several of their former friends visiting the Research Farm.

"The trend toward livestock is good for our country," says John K. Wilson, president of the First National Bank, West Point, Mississippi. "Seven years ago ours was a typical cotton area. Now our farmers are going heavy to dairy and beef cattle. This change is good for our soil and it's good for our pocketbooks. We get higher production from acreage that is cropped. And a poor crop doesn't hurt a man so much if he has a livestock or dairy operation."

Mr. Wilson says his bank is working with over 300 dairy and beef men in the West Point area. He likes the way Purina Dealer Bud Smith helps farmers with their feeding problems and with their new pasture improvement projects. Wilson says, "He knows how to run a feed business and is backed by a good company."

PARTNERS IN PROSPERITY

Many bankers are proud of the prosperity they bring to farming communities by sound financing of feeding operations in dairy, cattle, hogs, broilers, poultry and turkeys. If you are such a man, you will find your Purina Dealer and Salesman glad to work with you on a business-like basis. Your salesman has a portfolio of forms and finance plans that have proved sound and profitable for other bankers. If you'll call your Purina Dealer—the Store with the Checkerboard Sign—he'll be glad to have the salesman call without any feeling of obligation.

RALSTON PURINA COMPANY
ST. LOUIS 2, MO.



This is Mr. A. P. Weed



This is what he says

"The Covington County Bank (of Andalusia, Alabama, of which he is president) is in its second year of sponsoring Fulton Lewis, Jr., on WCTA. During the period of our sponsorship, our deposits have practically doubled. We feel that Mr. Lewis has contributed immensely to our increased business. We also believe that in continuing our sponsorship we will continue to create new users of our service."

This is Fulton Lewis, Jr.



whose 5-times-a-week program is available for sale to local advertisers at local time cost plus pro-rated talent cost. Currently sponsored on 364 Mutual stations by 752 advertisers (including 60 financial institutions), the program offers a tested means of reaching customers and prospects. Check your local Mutual outlet or the Cooperative Program Department, **Mutual Broadcasting System**, 1440 Broadway, NYC 18 (or Tribune Tower, Chicago 11).

GOVERNMENT BONDS

(CONTINUED FROM PAGE 47)

Waiting until Congress had passed its quota of appropriation bills (without which estimates were only "guesstimates") and was about to adjourn, President Eisenhower asked Congress to raise the debt limit to \$290-billion. The House of Representatives agreed but the Senate balked. Congress then adjourned, leaving the debt limit just where it was.

Apparently the Senate Finance Committee, which tabled the bill, was not convinced that available Treasury funds would be exhausted before Congress met again in January, in spite of testimony by the Secretary of the Treasury and the Director of the Budget that the margin of safety was altogether too thin. Moreover in the event that some unexpected (by the Senate) contingency required action, the President could call a special session of Congress to meet the emergency.

As neither the Senate nor the Treasury *knows* the answer, only guessing is warranted, but it does look as though perhaps the Senate may prove to be right and that the Treasury may be able to squeak through, but only by drawing down the balance in the general fund considerably below what has been recently felt to be desirable.

Some justification for that guess is to be found in a few figures. On August 3 the balance in the general fund was \$8,525,000,000. Last year the months of August, October, November, and December resulted in a deficit of \$6,381,000,000. For September there was a surplus of \$515,000,000, so the net deficit for the 5-month period was \$5,866,000,000. Deduct that amount from the general fund balance on August 3, and \$2,659,000,000 is left. This amount includes the \$1-billion of gold as yet nonmonetized.

Nobody knows whether the results this year will be better, the same, or worse than last year. Expenses have been increasing but so have receipts. Because of the Mills Plan, only 10 percent of corporate taxes are due this September instead of the 15 percent last year. But corporate earnings have increased. Perhaps the armistice in Korea may slow down or stretch out defense expenditures somewhat. On the assumption that the record this year is not too far from that of last year, the Treasury might manage to stay inside the present debt limit. Anyhow the Senate told them to try.

"When he just talked to himself I thought nothing of it. Now he calls himself on the phone!"



"The Bankers Standard"* is ready . . .

Place your order today!

Compare Polk's with
any Bank Directory.

POLK'S
Bank Directory

The September 1953 Edition of
Polk's Bank Directory is rolling
off the press. Send us your
order now.

★ Single Issue \$27.50

★ Subscription
\$20.00 a copy

GARDEN CITY (Co. Seat)—Pop. 10,905

The Fidelity State Bank
of Garden City
213 N. Main St.
Phone 4314
Branch 10-27-1021—State 1011
Member FDIC ABA Kan. BA
Indep. BA
Par \$100

Officers:
R. N. Downie, Pres.
John R. Burnside, V.P.
Bryant Gernard, V.P.
Virgil C. Craig, Cash.
Anah M. Vincent, A.C.
H. Vernon Baker, A.C.

Cnst: Green Tate & Hopkins

Finney County—FRD 10 Kansas City—Map B 4

Correspondents:
Chase Nat. Bk., N.Y.
Commerce Tr. Co., Kan. City
Fidelity Sars. State Bk.,
Topeka
First Nat. Bk., Wichita
First Nat. Bk., Hutchinson

Directors:
John R. Burnside
V. C. Craig
R. N. Downie
Bryant Gernard
Ellsworth Sherman

Statement of December 31, 1952

| | | | |
|-----------------|-------------------|--------------|-------------------|
| Loans & Dis. | 4,840,151 | Capital | 100,000 |
| U. S. Sec. | 2,542,339 | Surplus | 250,000 |
| State & M. Bds. | 1,222,202 | Und. Prof. | 50,238 |
| Cash & Exch. | 2,159,945 | Reserves | 61,968 |
| Bk. Bldg., etc. | 75,000 | Deposits | 10,357,381 |
| Total | 10,819,637 | Total | 10,819,637 |

**THE GARDEN
NATIONAL BANK**

305 N. Main St.
Phone 3274
Estab. 2-9-1934
Member FDIC FRS ABA Kan. BA
Par \$100—Div 10*

Officers:
John F. Walters, Ch. Bd.
S. F. Gish, Pres.
L. G. Perry, V.P. & Cash.
Mary Rose, A.C.
Gene Holloway, A.C.

Cnst: Hutchinson, Vance,
Hose & Fleming

CORRESPONDENTS
Guaranty Tr. Co., N.Y.
Cent'l Ill. M.B. & T. Co., Chi
First Nat. Bk., Kan. City
Int. State Nat. Bk., Kan. C.
Central Bk. & Tr. Co., Denver
First Nat. Bk., Wichita

DIRECTORS:
J. A. Blakemore
C. A. Danner
S. F. Gish
L. L. Jones
C. W. Law
C. M. McAllister
O. D. Newman
L. G. Perry
John F. Walters

STATEMENT OF DECEMBER 31 1952

| | | | |
|------------------|-------------------|--------------|-------------------|
| Loans & Dis. | 2,791,727 | Capital | 200,000 |
| U. S. Sec. | 1,813,352 | Surplus | 200,000 |
| State & M. Bds. | 1,013,807 | Prof. & Res. | 80,801 |
| Oil, Sds. & Sec. | 714,280 | Time Dep. | 8,898,073 |
| Cash & Exch. | 3,883,317 | | |
| Bk. Bldg., etc. | 180,203 | | |
| Oil, Assets | 20,043 | | |
| Total | 10,416,709 | Total | 10,416,709 |

THE MODERN BANK

Get complete information in ONE GLANCE. Look at the above samples. You'll see instantly why Polk's is the most widely used Bank Directory in the world. The new page style is designed for efficiency. All bank data is arranged between horizontal lines for quick and easy reading. Words have replaced confusing symbols. Detailed bank information is reported under one heading. You don't have to look elsewhere to complete the picture. Polk's Bank Directory is reference at its best—complete, accurate and efficient. Users claim there is no comparison. Order your copy today.

Good advertising to be effective, must be selective. Polk's specialty is penetrating to the very source of the out-of-town banking market. Attract more Collection, Depository and Trust business from all over the world. Advertise your Bank in Polk's Bank Directory. Your ad is on the job with "The man on the job". Reach the financial man every time he seeks information to make a decision. Polk's advertisers get results. Put this specialized world-wide circulation to work for your Bank for only a few cents a day.

* Users named it . . . "the Bankers Standard".

R. L. POLK & CO. ★ 130 4TH AVE., N. ★ NASHVILLE, TENNESSEE

Savings Bond Sales Effort

AFTER a fiscal year that produced a record high budget deficit for "peacetime" of \$9.4-billion, and a \$6,966,000,000 increase in the national debt, the Treasury Department, facing added billions of deficit and debt in fiscal 1954, is calling on its Savings Bonds Division staff and volunteers to sell more bonds to more individuals and other investors outside the banking system. Banks and bankers are urged to step up

their bond sales promotion activity.

Sales of Series E and H Savings Bonds, all to individuals, had shown a 26 percent gain for the first half of 1953 compared to the first half of 1952, which had considerably surpassed 1951. E Bond sales alone up to July of this year, \$2,202,000,000 against \$1,716,000,000, had gained 18 percent over their sales in the first six months of last year. Series H, the current income counterpart

of the E Bond, going on sale June 1, 1952, sold \$30,000,000 in that month, \$209,000,000 in six months of 1953.

To help meet the growing problems of national debt management, Merrill L. Predmore, acting national director of the U. S. Savings Bonds Division, reviewed with his staff the division's 1953 sales program at mid-year to revise it in the light of changing conditions where advisable.

In the payroll savings phase of the program the review showed that successful industry-wide promotions were conducted by railway equipment manufacturing, telephone, machine tool, hotel, aircraft manufacturing, pulp and paper, and automobile manufacturing industries, and in the Bureau of Internal Revenue and the Department of Agriculture nationwide. The Post Office Department started a campaign in July. Others scheduled are in airplane transportation and the steel industry (September), chemical (October-November), brewing and distilling (October) and glass industries (November). The steel, glass, and brewing industries are repeating successful prior drives.

In the investor market it is hoped that arrangements can be made for mailings of H Bond leaflets with corporations' dividend checks. For six months, beginning in August, the Bureau of the Public Debt will send out these leaflets with all interest checks to owners of Series G Savings Bonds, which series began maturing May 1.

(CONTINUED ON PAGE 132)

"I'll be with you in a minute, sir!"



ARE YOU LOOKING TOWARDS PERU . . . ?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation over 60 years ago. If you are interested in doing business in Peru, a letter addressed to us will assure you our friendly co-operation.

BANCO DE CREDITO DEL PERU

Head Office - - LIMA

72 Offices Throughout the Country

CAPITAL - S/.60,000,000.00

SURPLUS - S/.55,925,356.01

"Peru's Oldest National Commercial Bank"

NEW...A PAYMENT COUPON BOOK

which reproduces

Perforations as Legible as Printing

- More error-free postings per hour. Less eye-strain per day.
- Perfect identification of mail payments. Faster personal service.
- More exact payments. Less follow-up costs and annoyances.
- Applicable to any account set-up. No supply problem. Less costs.

5/16" figures so outstanding that they are easily read at 14 feet.



Many of the best known Banking Names in the Time Credit Field have adopted this ultra-modern Payment Book on sight.

Only by seeing this new book can you appreciate its legibility, flexibility and waste-reducing features. We invite you to write for an assortment of samples, perforated with amounts, dates and account classifications. No cost. No obligation. Write today.

ALLISON COUPON COMPANY, INC.
INDIANAPOLIS 6, INDIANA



Christmas Club

A Corporation

*LIGHTS THE WAY
TO A
MERRY CHRISTMAS
THROUGHOUT
THE WHOLE YEAR*

There is power in teamwork

The business of Christmas Club, A Corporation does more than supply the mechanical needs to operate an efficient Christmas Club.

The entire staff of Christmas Club, A Corporation works twelve months of the year, as a powerful team, coordinating, promoting and selling the value of public participation in the most efficient system of banking in the world.

The emblem of Christmas Club, A Corporation identifies an organization that builds savings, builds character, and builds business for financial institutions.

With the cooperative and coordinated teamwork of Christmas Club, A Corporation, financial institutions and the public, a dynamic force is set into motion that generates the power to produce sound economic financial practices that lead to individual financial security.

Christmas Club, A Corporation invites you to join the team and offers you the advantages of a national operation that is geared to your local level.



Christmas Club

A Corporation

FOUNDED BY HERBERT F. RAWLL

230 PARK AVENUE, NEW YORK 17, N.Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS

(CONTINUED FROM PAGE 130)

In the farm market, special bond promotion will be focused on marketing periods for wheat, corn, cotton, and tobacco. A new promotion kit for the Farm Machinery Replacement Plan, based on regular E Bond purchases out of farm earnings, went out to agricultural counties in June; this will be supplemented by a press book for rural newspaper publicity.

A plan for special appeals to bankers in farm areas for extra promotion efforts is being worked out with the Agricultural Commission

and the Savings Bonds Committee of the A.B.A.

A new series of ads for publisher-donated and advertiser-sponsored space in newspapers starts in September. In motion pictures, the Pete Smith film which Metro-Goldwyn-Mayer donated through that industry will begin showings to an estimated 30,000,000 audience in 12,000 theatres. A new donated 15-minute 16 mm. sound film, *The Bond Between Us*, is ready for production for distribution beginning in the fall through state bond offices to promote thrift and payroll savings.



Strategic Location . . .

Whether it's marbles or business, a lot depends on where you're located. Here at Fifth Third we're blessed with a central location that helps us serve correspondent banks promptly . . . personally.

You are cordially invited to use the facilities of . . .

the FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

member

FEDERAL RESERVE SYSTEM
FEDERAL DEPOSIT INSURANCE CORP.

A new bi-weekly cartoon feature, "It's a Fact," will be furnished to weekly newspapers requesting it. Al Capp, creator of "L'il Abner" will donate a Sunday strip in full color, expected to be available beginning in October or November. A kit of ideas and sketches for window displays by banks, department stores, etc., and for bond exhibits at conventions and state and county fairs is being prepared.

Arrangements have been completed for an educational course on Savings Bonds to be given to all students in the American Institute of Banking this fall.

Banks, postoffices, and firms that issue bonds to payroll savers will be supplied with a new all-purpose gift jacket, which will serve for gifts by individuals at Christmas or any time of the year and for Christmas and year-end bonus bonds given by employers.

"With all this new promotion to back them up," Mr. Predmore commented, "we are particularly urging banks and bankers to intensify their bond selling as an essential aid in the proper management of the national debt, on which our economic well-being and our children's will depend for a long time to come. No other group of volunteers is as closely concerned with debt management as the bankers. No other group can be as effective in promoting and selling Savings Bonds. The Treasury cannot handle the growing debt problems without their full support."

"Are you one of those banks that thinks its machines are infallible?"



B. B. New

The Gunnison Coronado—like the other Gunnison Homes—combines handsome appearance, modern design, and excellent construction with the economy which is so important to today's home-buyers.



Answers to your questions on Gunnison Homes

THESE days more and more bankers are becoming interested in the problem of making well-built, low-cost homes available to the public . . . and more mortgagees are becoming aware of the advantages of investing in homes that are time-tested products of an established company. Here are some questions frequently asked:

Does a Gunnison Home have...

| | |
|--|------------|
| Precision-factory construction? | Yes |
| Variations in elevations? | Yes |
| High resale value? | Yes |
| Modern interiors and equipment? | Yes |
| Predictable erection costs? | Yes |
| Variations in land values? | Yes |
| Variations in material specifications? | No |
| Variations in material quality? | No |

When you invest money in a Gunnison Home you know exactly what you're getting—uniformly high-grade materials and sound construction. Gunnison Homes are a quality mortgage and a standard mortgage in the \$6500 to \$12,000 range.

"Gunnison" and "Coronado"—
trade-marks of United States Steel Homes, Inc.

United States Steel Homes, Inc.



Formerly Gunnison Homes, Inc.

GENERAL OFFICES: NEW ALBANY, INDIANA

Plants at New Albany, Indiana, and Harrisburg, Pennsylvania

United States Steel Homes, Inc.
Dept. B-93
New Albany, Indiana

Please send me free copies of your new booklets, "Gunnison Homes Plan For Better Living" and "Let's Choose a Gunnison Home."

Name.....

Company.....

Address.....

City..... State.....

UNITED STATES STEEL



Testing really gets down to earth at **MASSEY-HARRIS**

TEST it on the track — prove it in the field — that's the Massey-Harris way of designing more value into every product.

Running a tractor through a tank of water is probably not the best way to prolong gear and bearing life and protect metal texture, but nevertheless, it's a fast, positive method of learning the effects of rain and other moisture sources on bearing seals, gaskets and operating parts.

The results are reflected in the greater efficiency of Massey-Harris tractors . . . their ease of handling and longer life.

This intensive pretesting is also the reason why Massey-Harris continues to lead with so many worthwhile improvements. Among them over the years are live rear axles in tractors, removable wet sleeves, and light-weight pistons in engines, self-starter as standard equipment on tractors, anti-friction transmission bearings, oil-bath transmissions and many more.

The 3-4 plow 44 you see here won its popularity because it has the power to really lug in the tough spots . . . to stand up under heavy, continuous going . . . to reduce fuel and labor costs — all results of testing on the track, in the laboratory, out in the field.

Massey-Harris owners know the value of this pretesting. They find Massey-Harris products last longer, reduce maintenance and production costs — help build profits. That's why they have confidence in Massey-Harris equipment and look to them first for new and improved machines. The Massey-Harris Co., Racine, Wis.

*Make it a
Massey-Harris*

Parts and Service through more than
2500 authorized dealers

Big Business

(CONTINUED FROM PAGE 49)

on all the important things he should know about. Corporations have a right to expect the bankers to know about their financial structure, products, major policies, research and development plans and achievements, industry standing, and so on. But to attain the goal of nationwide awareness on the part of bankers of all these important things, the businessman himself can be extremely helpful by making the information available in a planned manner.

The trend is in this direction. Today many of the country's top corporations have well-organized programs of banker information. The types of information conveyed vary from company to company, but they fall into several general groupings.

Product Information

A basic type of information that manufacturing concerns should provide to banks is data on materials and products supplied. The banks are a primary market for many products themselves. They influence the use of a wide range of products, through their lending, advisory, and other services. And they can better understand and serve the interests of any manufacturing concern if they understand what it produces.



"Buzzie makes ends meet where he can by mowing lawns for the neighbors. Ten dollars here, twenty dollars there . . . it all adds up."

Advertisements by United States Steel and General Electric, published in **BANKING**, are designed to build better understanding among bankers of the products of each company.

Company Policies

The policies of an organization cast light on its progressiveness, and give clues to its probable course of future development. It is obviously not practical for every business to detail its policies to the bankers. But it is possible and practical to convey basic facts about major policies that guide company action. Some Bell Telephone advertisements published in **BANKING**, state company policy toward stockholders, customers, and employees.

Research and Invention

Major advances through research or invention form important subject matter for communicating to bankers. Some companies, such as Philco, have established a reputation for being out in front with new ideas. The Gulf Oil Corporation tells bankers of its new oil product in the ad reproduced on page 49, which previously appeared in **BANKING**.

Company Prestige

One of the most popular subjects in communications directed to banks by large corporations is company prestige. Allis-Chalmers uses the pages of **BANKING** to tell bankers throughout the nation of its service policy and organization. The message says, in effect, that this company stands squarely behind its product *after* it is sold.

International Harvester also builds prestige for its products among the bankers by a planned program of information. The Pittsburgh Plate Glass Company does a triple job by building company prestige, selling to the banker as a primary market, and appealing to the banker as a point of influence in the use of the product by others, in this case retailers.

The tongue is one muscle over which the brain often has little control.

Many a speaker takes a subject and talks from it—far from it.

There are some 6,500,000 stockholders in this country. It is a fair assumption that practically all of them are also bank customers. Many of them turn to their bankers for advice on buying, selling, or holding stocks and bonds.

Not only that. Some 3,000 banks have trust departments. These departments manage individual holdings of securities estimated at \$25,000,000,000.

Recognizing the importance of the banker in their stockholder relations, and also in the marketing of new security issues, more and more cor-

porations are supplying financial information to banks on a national scale. News about new financing plans, financial statements, and dividend notices, provide subject matter for such communications. Examples are the advertisements of the Texas Company, Abbott Laboratories, Air Reduction Company, and others in **BANKING**, announcing dividends and at the same time doing a bit of product promotion.

In summary, national corporations can help banks to serve them better by giving bankers the information they need to do the job.

For High Speed Collections in *Ever Growing** PUERTO RICO

Let us serve you in this ever-growing market, by collecting your drafts and other items in any point of the Island. We will gladly serve you thru any or all of our 14 offices—Main Offices in Ponce, and branches in San Juan, Santurce (3), Mayaguez, Guayama, Fajardo, Rio Piedras, Arecibo, Yauco, Lares, San Sebastian and Puerto Nuevo.

BANCO CREDITO Y AHORRO PONCEÑO

Established 1895

Member Federal Deposit Insurance Corporation

MARSH & McLENNAN INCORPORATED

Insurance Brokers

CONSULTING ACTUARIES

AVERAGE ADJUSTERS

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles
Toronto Pittsburgh Seattle Vancouver St. Louis Indianapolis Montreal
St. Paul Duluth Portland Buffalo Atlanta Calgary Washington
Tulsa New Orleans Phoenix Milwaukee Cleveland Havana London

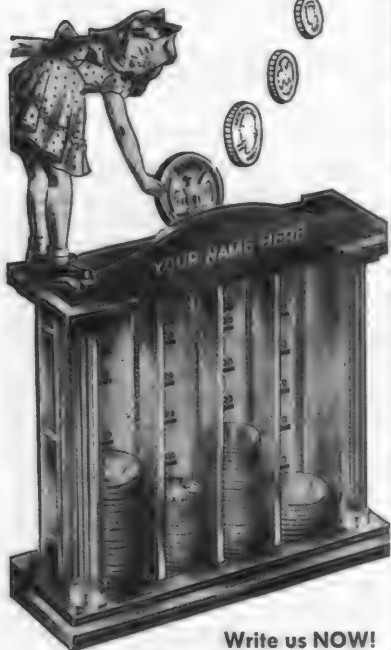
make
VISABANK
your TOP salesman
for new accounts

Visabank works right in the home—24 hours a day. Its beauty—its powerful urge to save make it the ideal account builder.

Made of clear plastic with base and top in a full range of contrasting colors—solid, marbled and pearlescent. Visabank adds a touch of beauty to any home.

Your name is stamped in gold on front—your sales message appears on card at rear.

Visabank is self liquidating —It pays for itself.



Write us NOW!

VISABANK is not an untried experiment. We know that it really works. Our free advertising and merchandising helps are at your service.

PATENTED PLASTICS, INC.

1010-N Woodland Ave., Cleveland 15, O.

New Books

SAVINGS IN THE MODERN ECONOMY. University of Minnesota Press, Minneapolis. 362 pp. \$5. This book is based on papers given at a symposium on savings, inflation and economic progress at the University in May 1952. Twenty-eight economists participated.

EMPLOYMENT AND WAGES IN THE UNITED STATES. By W. S. Woytinsky and associates. Twentieth Century Fund, New York. 763 pp. \$7.50. Results of a five-year factual research project are published in this large volume, which contains some 200 pages of statistical tables. The researchers covered the size, composition and distribution of the country's labor force, shifts of employment, occupations, wages and their determination, hours of labor and working conditions, government regulations and controls, labor unions, and insurance.

INDUSTRIAL DIRECTORY OF NEW YORK STATE. Department of Commerce, Albany. 1,012 pp. \$25. Furnishes information on nearly 50,000 New York State manufacturing and mining firms which are listed alphabetically and by industry and geographical location.

To mark its 20,000th issue *The Financial Times* of London published on July 6 a "Survey of the British Economy." In the 80 pages distinguished writers contribute, in articles on Britain's finance and industry, what the editor terms "an objective examination of the principal financial and commercial institutions of the country and of the basic British industries." The first number of the periodical appeared on February 13, 1888. It has a record of uninterrupted publication.

THE FINANCIAL POLICY OF CORPORATIONS. By Arthur Stone Dewing. Ronald Press, New York. 2 vols. 1,538 pp. \$15. Fifth edition of a work first published in 1920, and now revised to cover changes in economic, social and politics during the past decade. Developments discussed include the increased importance of government regulation, results of significant court decisions,

growth of the institutional type of investor, and the results of inflationary pressure, with its effects on the kinds of securities issued by expanding corporations and influence on depreciation practice.

ANALYSIS AND EVALUATION OF CREDIT MANAGEMENT FUNCTIONS. Credit Research Foundation, New York. 300 pp. \$15. Said to be the first study of its kind in the credit management field, this volume covers such problems as creation of new positions and combination of positions; definition of credit position functions; requirements and standards; decentralization of responsibilities; determining the value of credit management positions relative to other organizational positions; establishment of salary rates. The analysis of functions is supplemented by charts and exhibits obtained from a study of 135 representative American companies.

SHARES OF UPPER INCOME GROUPS IN INCOME AND SAVINGS. By Simon Kuznets. National Bureau of Economic Research, Inc., New York. 706 pp. \$9. The results of an investigation of changes in the size distribution of income from 1913 to 1948 and the probable impact on the volume and sources of savings.

EXCESS PROFITS TAXATION. Tax Institute, Princeton, New Jersey. 183 pp. \$5. A symposium conducted by the Institute at Philadelphia in December 1950.

ACCOUNTING GUIDE FOR DEFENSE CONTRACTS. By Paul M. Trueger. Commerce Clearing House, Inc., Chicago. 323 pp. \$7.50. A detailed study of government contracts and their accounting problems.

CREDIT AND COLLECTION PRINCIPLES AND PRACTICE. By Alfred F. Chapin. McGraw-Hill, New York. 572 pp. \$6. Sixth edition, completely revised, of a text primarily for students above sophomore standing.

RAISING CAPITAL: HOW AND WHERE. By Merrill De Voe. Aids Vault, Los Angeles. 93 pp. \$2.75. Forty-one ways of acquiring capital.

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SEALS ENVELOPE

PRINTS POSTAGE INDICIA

COUNTS & STACKS

Earnings Outlook

(CONTINUED FROM PAGE 36)

volume of business, (2) selling prices, and (3) the cost of operations. In the case of banks, the bulk of income is obtained in the form of interest on loans and investments. Therefore, the amount of these earning assets may be likened to the physical volume of goods produced and sold by a manufacturing concern. As has previously been mentioned, the earning assets of commercial banks have been in a strong

uptrend for a number of years. The loans and investments of member banks, which were \$43,521,000,000 at the close of 1941, were \$119,547,000,000 on December 31, 1952. Loans, the greatest single source of bank income, increased from \$18,021,000,000 for all member banks in 1941 to \$55,034,000,000 at the end of 1952.

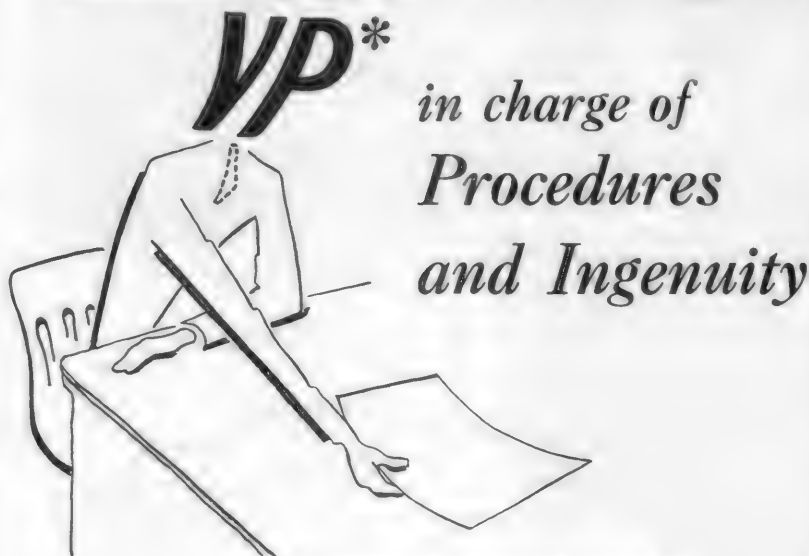
As long as the physical volume of trade remains high, and the general price level remains in its present range, it is difficult to picture the conditions which would reduce loans to the volume which characterized the early and middle 1940s, when

their average was less than half their present total. It is true that a portion of current borrowing is due to transitory rather than permanent conditions. For example, corporations subject to the excess profits tax, soon to expire, have, in some instances, found it attractive to borrow in excess of the amount required for business purposes alone. Increased depreciation accruals and a higher rate of cash flow in the several years ahead is in prospect for many corporations, thereby reducing the need for bank borrowing. Some bank loans made by utility companies and others have been to temporarily finance expansion for which permanent, nonbank financing will later be arranged. On the other hand, consumer credit and real estate loans, although subject to regular amortization, will doubtless remain high. Even after allowing for some moderate business let-down from present boom levels, and for the replacement of some bank loans by stocks and bonds, the conclusion remains that the volume of bank loans will remain substantial, judged by pre-World War II standards.

Interest Rates

With the outlook for volume relatively favorable, the question of sales prices, or, in the case of banks, interest rates, becomes of crucial importance. The outlook for interest rates has been the subject of much recent discussion; and, on occasion, has even found its way to the front pages of general, nonfinancial newspapers. It would be neither appropriate nor practical, in an article of this kind, to attempt a detailed analysis of the elements involved. However, a few generalizations may be expressed upon which there is a reasonable degree of expert agreement.

The money rates which characterized the 1930s, and much of the 1940s, were artificially, arbitrarily, and abnormally low. The increase which has taken place in the last few years, and especially within the past year, has seemed greater than it is because it has followed such an extended period of stability at a subnormal level. Present rates are actually low in relation to those which have prevailed in previous periods of active business. If supply and demand factors are to be of more significance in the future in



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determining the level of interest rates than they were in the 1930s and early 1940s, then a return to the very low rates of those periods, even when business activity recedes from its present high-water mark, does not seem probable. Moreover, since it requires the passage of some time for a turnover in bank earning assets to take place, and, hence, for a change in open market rates to be reflected in bank income figures, there is a lag which varies from moderate to substantial in the translating of rate changes into bank earnings. The rate of income from bank earning assets is not yet in step with the present rate level. Even if rates do not advance further, or if they decline slightly, income from the present volume of bank loans and investments should increase, due to this lag factor alone.

Operating Expense

A third major element in the bank earnings picture is that of operating expenses. The largest single item of bank costs is salaries and wages which, in 1952, constituted one-half of total expenses. Bank salaries are traditionally low in comparison with salaries paid in many other businesses; and, during the inflationary period of increasing living costs of recent years, bank salaries have, in general, failed to keep up with these increased living costs. Some further advances in bank salary scales would appear probable and warranted, even if the cost of living levels off or declines modestly. In 1952 total current expenses of all FR members, including salaries and wages, were \$2,501,000, or 60.8 percent of gross earnings of \$4,120,000,000. In 1951 expenses were 60.7 percent of earnings and in 1950 they were 61.8 percent. In 1945 the corresponding figure was 60.6 percent and in 1942 it was 67.4 percent. In 1939, often considered as a representative prewar year, current expenses of member banks were 68 percent of gross earnings. Despite the increase in dollar costs of bank operations in recent years, it can be seen that operating costs bear a satisfactory relationship to gross income, and would continue to do so even after allowing for some further increases in the next year or two.

A combination of events holds forth the potentiality of an increase in the subnormal earnings on bank

capital which have characterized a large portion of the past 20 years. These events are an enlarged loan account, a level of rates which is more nearly in line with the forces of supply and demand than was previously the case, and evidence of a good control over operating expenses. Improved conditions for bank operations do not assure or guarantee a satisfactory level of earnings for all banks, or even for the banking industry as a whole. Inefficiency, poor judgment, and lack of initiative and imagination will still lead to unsatisfactory re-

sults. The extent to which banks as a group, and individual banks within the group, are able to take advantage of the more favorable operating background will be determined largely by the ability and hard work of bankers themselves. Progressive bankers will welcome the challenge and opportunity which present and prospective operating conditions offer to prove that earnings on bank capital can be brought up to a level which will permit the acquisition of additional capital funds in the open market, and in competition with other industries.

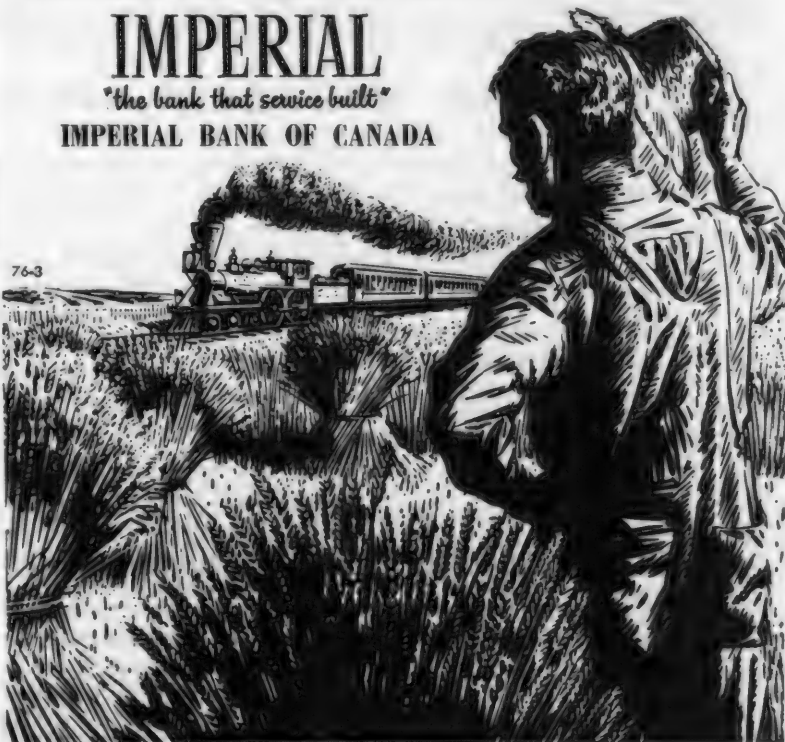
When wheat became king

Canadians, too, heeded Horace Greeley's advice and moved west in the 80's to cultivate the waving gold. As the foundation of Canada's early growth, wheat still makes a major contribution to this country's prosperity—in 1952, for instance, the crop was the largest in history and worth \$1,250 million. Even before the railroad reached Winnipeg in 1881, Imperial Bank was located at this gateway to the west. Today there is a large network of branches that serve Canada's prospering western provinces and provide up-to-date information on current business conditions in this area.

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About Washington —

The Washington items below and on subsequent pages, including several in the Convention Section, were written by Herbert Bratter.

Industry

SINCE Washington's main business is government, one does not think of the city as a manufacturing center. It is, however, an important printing and publishing city, its appetite for mimeograph paper being especially voracious. The Government Printing Office is the biggest such institution in the world and turns out sometimes miraculous feats. Its publication of the *Congressional Record* when Congress is in session and delivery of this often bulky compendium by hand to reach the Congressmen and Senators at their homes early next morning is not the least of GPO's accomplishments.

The capital is also the publishing center for weekly and monthly magazines, such as the *U.S. News and World Report*, the *Pathfinder*, the *National Geographic Magazine*, *Nation's Business*, etc., and news letters, trade bulletins, and overnight business services too numerous to list.

An important Washington industry—indeed, a monopoly — is the manufacture of all our paper money and stamps, both postage and revenue, at the Bureau of Engraving and Printing. Washington also has a factory, located in Chinatown, for the manufacture of machines used by banks, department stores, and others to sort and count bills. These machines are used all over the U.S.A. and in various foreign cities.

Almost exactly half of Washington's industrial establishments at the last census were in the printing and publishing category. These totaled 213 and they employed more than half of all the capital's industrial workers: nearly 10,000 out of 17,800. The other industrial establishments were listed under food and kindred products, metal products, apparel, chemicals, instruments, and miscellaneous items. Grouped under printing and pub-

lishing were eight newspapers, 63 other periodicals, 79 commercial printing establishments, 21 lithographers, and various printing trades service industries.

Although not commercial, the Naval Gun Factory merits special mention.

At the last count the District of Columbia had 28 farms with an acreage of 1,265, which was 3.2 percent of the DC's total area. The average DC farm measures 45 acres. One of the 28 is owned by a Negro. Eleven DC farms have no telephone and 10 have no electricity.

The Railroads

Is Washington a "railroad town?" Ask that question of the next dozen people you meet and, the chances are, most of them will answer in the negative. And most of them would be wrong—for Washington is one of the largest railroad centers in the United States.

What does it take to make a railroad center? Among other things, it takes stations and passengers, trains and tracks, freight and freight yards, employees, and payrolls. Washington has all of them.

Washington's Union Station has many claims to fame. It is, for example, the only railway station in the United States authorized by act of Congress. Authorization was granted in 1903, and since that time there have been years when the entire United States Army could have been accommodated on the loading platforms and in the station itself. The concourse of the station is said to have the largest area of unimpeded floor space of any railway station in the United States—i.e., no columns, pillars, or other upright supports appear in the concourse itself.

The station, built at a cost of about \$25,000,000, is owned by the Washington Terminal Company which, in turn, is owned jointly by the Balti-




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more and Ohio Railroad and the Philadelphia, Baltimore and Washington Railroad, a subsidiary of the Pennsylvania Railroad. Union Station, including the yards, covers an area of 155 acres—6,751,800 square feet.

One of the finest and most beautiful stations in the country, Union Station has been called the "Gateway to the World." Such a title is not pure fancy for this station is one of the nation's busiest. Through its portals in 1944 passed more than 50,000,000 passengers—135,000 per day on week days and 150,000 per day on week-ends. Today, the number of passengers passing through the station averages about 75,000 per day, or approximately 28,000,000 for the year.

109 Miles of Track

So that passengers can go where they want to go, when they want to go, there must be tracks and trains. Five line-haul carriers operate 52 miles of first main track in the District of Columbia. In addition, 57 miles of track are operated by the two switching and terminal companies.

The five railroads owning tracks within the District are the Pennsylvania; Baltimore and Ohio; Southern; Chesapeake and Ohio; and Richmond, Fredericksburg & Potomac. The Atlantic Coast Line and Seaboard Air Line also come into Washington. From Richmond, Virginia, the ACL and the SAL use tracks owned by the R. F. & P.

During 1944 these railroads operated more than 117,500 trains—or an average of 322 trains daily—in and out of Union Station. At present the average is 230 daily.

Meanwhile, freight—vital in war, essential in peace—was getting the best of attention. In 1944, the peak year of the war, Potomac Yards handled 67,013 trains in and out of the yards—an average of 184 each day. The same year saw the yards handling the greatest number of cars in their history—2,891,314. During March of that year they handled 277,979 cars. On one day alone, March 25, 1945, more than 10,000 cars were routed through the yard. Today, the number of trains handled by the yards has dropped to 7,053.

To operate freight and passenger facilities and services, Union Station and the Potomac Yards em-

ployed 6,763 men and women during 1944, 3,266 in 1940, and approximately 5,750 today. Of the 5,750 employees in service, approximately 4,750 are employed by Union Station, and about 1,000 in the Potomac Yards.

Of course, the employee figures just cited do not take into account the large number of trainmen employed in taking trains in and out of Washington. Nor do they consider the fact that almost all of the nation's leading railroads maintain offices in the District. Collectively, these local offices, and the offices of railroad associations, employ a large number of workers.

Washington is a "railroad town" and has been since that day in August 1835 when four gayly be-decked passenger trains arrived in Washington from Baltimore to mark the formal opening of train services between the two cities.

Telephones

WASHINGTON gets particular attention from the Bell Telephone System, both year-round and on special occasions. With the whole world interested in Washington and Washington interested in the world, U.S. Government, foreign embassy, and other phone calls are made from the

capital to distant places. During one two-week period—picked at random—635 phone calls to foreign places not including Canada were made. Mexico led the list with 118. Cuba got 92. Hawaii, 43.

There were 62 calls to France, as compared with 36 to England, 26 to Germany, 19 to Japan, and 16 to Italy. Calls from Washington made phones ring in such far-off places as Taiwan, Papua, Australia, Korea, India, Okinawa, Finland, Argentina, Brazil, the Philippines, and Egypt. No calls were made to Russia during the fortnight, however.

Normal phone service on Capitol Hill deserves mention. Because of the special requirements the 51-position PBX at the Capitol remains a manual board. There are 200 trunk lines, 43 long-line loops and 133 interdepartmental lines tying in with Government agencies to serve 4,512 Capitol telephones. There are two lines to the rostrum of the Senate and one to the House floor. In the cloakrooms special booths serve the legislators. Every member of the Congress has at least two lines, with hold, intercommunication, and busy light signals. Operators memorize the numbers of all members. Those numbers remain the same as long as the member serves; if he moves his office, his number goes with him. Each two years the phone company faces a tremendous job in rearranging service for the members who have changed their suites and for new members. Last year end there were 1,462 telephone changes at the Capitol.

Special Equipment

Some members of the Congress have additional phone service, such as private lines to committee rooms or to a study room in the Library of Congress. Often a member of the Congress requests facilities to phone a speech to a distant city, where it is to be broadcast over loudspeakers to an audience. Phone company equipment is used in the recording room where the legislators may make records or give interviews to be broadcast elsewhere. Special phone service is provided the congressional press and radio galleries, including private lines connecting with downtown offices of the correspondents.

Washington leads all the world's cities in telephone density: there's
(CONTINUED ON PAGE 147)



"What am I going to do with the money? Listen, Nosey, did I ask you where you got it?"

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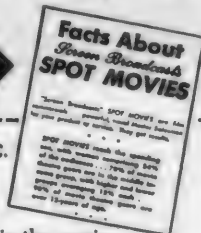
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President, The Dill Manufacturing Company

STATEMENT OF CONDITION

June 30, 1953

RESOURCES

| | |
|--|-------------------|
| Cash on Hand and Due from Banks | \$ 22,760,791.51 |
| United States Government Obligations. | 72,311,147.58 |
| (Including \$14,300,000.00 as Lawful Reserve) | |
| Other Investments | 33,434,206.08 |
| First Mortgage Loans on Real Estate | 100,173,765.20 |
| Other Loans and Discounts. | 44,444,226.85 |
| Bank Premises—127 Public Square | 1.00 |
| Bank Parking Lot—W. 3rd & Frankfort Ave. | 1.00 |
| Interest Accrued and Other Assets. | 1,137,772.95 |
| Total | \$ 274,261,912.17 |

LIABILITIES

| | |
|--|-------------------|
| Surplus | \$ 17,000,000.00 |
| Reserve for Contingencies | 1,253,165.55 |
| Reserve for Taxes & Expenses | 763,444.61 |
| Savings Deposits | 236,414,379.17 |
| Other Deposits | 15,771,216.76 |
| Deferred Credits and Other Liabilities | 3,059,706.08 |
| Total | \$ 274,261,912.17 |

United States Government Obligations carried at \$4,000,000.00 are pledged to secure Public Deposits as required or permitted by law

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(CONTINUED FROM PAGE 142)

a phone for 64 out of every 100 persons. Runner up is Stockholm, with almost 50 percent. When the Chesapeake and Potomac Telephone Co. was incorporated in 1883 there were 396 phones in the DC. Now there are nearly 539,000, over which nearly 73,000,000 calls are originated each month. Long distance calls originating in Washington average 65,000 a day.

The Treasury switchboard, which in wartime had a dozen or more operators handling local, long-distance, and international calls, is working day and night to serve the Secret Service, Coast Guard, and Treasury proper.

A private phone line connects the Federal Reserve Board with the Federal Reserve banks of Philadelphia and New York. This line is frequently used by the Treasury. For all other long distance calls commercial facilities are used.

A teletype network connects the Federal Reserve Board and all Federal Reserve banks and branches, Helena excepted. The system operates with chief relay points at Chicago, New York, and Washington, being used mainly for member bank transfers. A message from San Francisco to Birmingham, for example, would be relayed at Chicago, Washington, and Atlanta.

There has long been a telegraph room in the Treasury Building handling incoming and outgoing messages to and from Western Union. Only Treasury messages are handled there; the room is not open to the public.

Telegrams

A CONVENTION like that of the A.B.A. in Washington generates much telegraphing; but this doesn't faze Western Union. The capital, with its population of some 800,000, entertains almost twice as many visitors each year. These visitors—tourists, businessmen and others—do a lot of wiring in connection with room reservations and other matters. Annually more than 6,000,000 telegrams flash into and out of Washington while additional millions of messages travel over private lines leased by the company

to Government, press, and business. More press and government messages are sent from Washington than from any other city in the world. Therefore, serving the visiting bankers will be no problem to the WU office in the Transportation Building, half a block from registration headquarters in the Chamber of Commerce Building; and the office in the Interior Department Building lobby, across the street from Constitution Hall, the A.B.A. meeting place.

Many of the messages from Washington to New York go by high-speed facsimile transmission, the world's fastest practical communication system, which can handle 3,000 words a minute and flash the contents of a 20-page magazine including illustrations in only 15 minutes.

Serving banks nationwide is one

of the world's largest, most modern private wire systems called "The Bank Wire." Leased from Western Union, this wire links Washington's banking community with 187 banks in 57 other cities, coast to coast. Messages to and from seven Washington banks travel over this 27,000-mile network through five high-speed message centers, each serving a designated area. In the message center, trained operators flash the messages to their destinations simply by pushing a button. A telegram moves through the center and on the way to its destination in about 40 seconds.

Washington Members

Washington banks in the system are:

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Washington banks and others use the wire for transfers on a bank-to-bank basis or for the account of third parties; security purchases; sales and quotations; credit in-

quiries and information; foreign exchange; letters of credit and other foreign department business; reports of payment or nonpayment on collection and cash items; advices of all kinds; and other uses within the scope of tariff regulations. The wire has a capacity of over 3,000,000 telegrams in a banking-hour month.

Port of Washington

THE port of Washington and its predecessor port of Georgetown have figured in the annals of the nation's foreign trade since the founding of the Republic and before. The Potomac River no longer carries cargoes such as, in early days, loaded tobacco at the now landlocked (except for frequent flash flooding in rainstorms) suburb of Bladensburg. However, the city continues to have a place in the flow of commerce, and its customhouse, in Georgetown, collected a not insignificant \$2,400,000 in customs revenues in the 1952 fiscal year.

An act of Congress of July 31, 1789, established Georgetown as one of nine customs districts in the State of Maryland, and defined its bounds to include:

"All the waters and shores from Pomomkey Creek, on the north side of the Potomac River, to the head of the navigable waters of the said river, within the jurisdiction of the State of Maryland. . . ."

Subsequent legislation made minor changes in boundaries and other detail. A Treasury building fire in 1833 which destroyed many personnel and historical records, leaves some aspects of the transition obscure, but ultimately the port of entry became "Washington," in the Customs District of Georgetown, District of Columbia. The city was made a sub-

(CONTINUED ON PAGE 150)

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"The president was joking, probably, but he said they made a mistake when they first let me open an account!"

BANKING

Basic Needs for Manufacturing Success



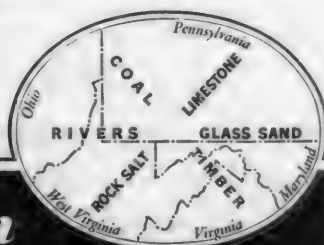
The area served by the West Penn Electric System has what is needed to make almost everything. Many an industry's requirements are ideally met at several points in the 29,000 square miles of territory. Newcomers have a wide choice of locations where virtually everything they use is right in their own backyards.

The combined list of natural and man-made advantages in West Penn Electric's service area reads like a "What's What" of the needs of American industry: abundant supplies of fresh water; coal, limestone and other natural resources; a great variety of semi-finished materials; excellent transportation; suitable sites with room to expand; easy access to the nation's best markets; and ample electric power.

Less tangible, but equally important to successful manufacturing, is another asset which management finds in the area. It is the friendly pride which the people of its pleasant, small towns take in their industries and their jobs—they like to work where they live, enjoying the area's well-distributed recreational and cultural opportunities.

HELP ON PLANT SITE PROBLEMS

Our Area Development experts will be glad to help you on any plant location problem you may face. Ask for our "check list" which provides a simple way of defining your needs. Your inquiry will be treated in confidence. Write or phone Area Development Department of The West Penn Electric Company, Room 919, 50 Broad Street, New York 4, N. Y. (Telephone—WHitehall 4-3740).



West Penn Electric System

Monongahela Power Company

The Potomac Edison Company

West Penn Power Company

(CONTINUED FROM PAGE 148)

port of the Maryland District, headquarters Baltimore, in 1913.

While nearby Alexandria, subport of the Norfolk Customs District, still receives some direct shipping from abroad, bringing bulk commodities such as newsprint and petroleum products, the port of Washington largely handles merchandise shipped in bond from other seaports. Consignees complete customs formalities here, and pay duties, when assessed, on these shipments.

Leading commodities processed

through customs here include wines and liquors, works of art, books, foreign postage stamps, records for the blind, wool fabrics, linens, china, glassware, electrical equipment, musical instruments, blankets, and wool wearing apparel. During the 1952 fiscal year, there were 5,760 such merchandise entries, and in addition nearly 13,000 mail entries. Plane arrivals, largely military, from abroad totaled 540, with 6,360 passengers bring 5,500 pieces of baggage that were subject to customs inspection.

Packages examined included 23,-

000 processed by the Mail Division, and an additional 34,000 examined for appraisement and as informal entries, a total of 57,000. There are seven customs bonded warehouses in the jurisdiction of the port, from which more than 3,000 withdrawals for consumption were made in the past fiscal year.

A rather unique aspect of customs operations at the port of Washington is the handling of diplomatic shipments that are duty free under reciprocal arrangements. During the 1952 fiscal year there were more than 1,700 such shipments, totaling nearly 11,000 pieces.

The subport has 32 employees serving under a deputy collector of customs and a customs appraiser.

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Education

SCORES of schools and colleges make Washington an important educational center. Its institutions of higher learning include American University, Catholic Sisters College, Catholic University of America, George Washington University, Georgetown University, Howard University, National University School of Law, and Southeastern University. The U. S. Department of Agriculture operates a graduate school after business hours. In the graduate field, Brookings Institution also deserves special mention, although it no longer gives degrees.

Both the World Fund and World Bank regularly bring young people to Washington from member countries for training. U.S. Government departments offer similar service in specialized fields to foreign officials.

The Department of the Army runs the National War College, Medical Service Graduate School, Industrial College of the Armed Forces, and the like; the Navy has the School of Hospital Administration, a Medical School, a Dental School, and the Naval Reserve Training Center.

There is a Columbus University School of Accountancy and another of law; religious teaching is available at such institutions as the Washington Cathedral College of Preachers, the College of Jewish Studies, the Dominican House of Studies, or the Franciscan Friars of the Atonement, to name but a few. In the lower realms of education

are innumerable preparatory schools, girls schools, boys schools, schools for the deaf and the blind, private elementary and high schools, and numbers of nursery schools such as Kiddies Kollege. Washington should be among the very best educated cities of the world.

The Embassies

THE most important diplomatic center in the world has 64 embassies, 12 legations, and one diplomatic mission, which represents Western Germany. Approximately 3,000 of the foreign representatives carry diplomatic passports. In addition the embassies and agencies employ some 1,500 persons of lesser rank.

Two sections of the city may now claim the moniker, "Embassy Row." The older section is 16th Street, N.W., where many of the embassy buildings were constructed for sale or rental to the diplomatic missions; and the newer one is on Massachusetts Avenue, N.W. Here some of the embassies are housed in edifices built by themselves according to their own tastes. The main building of the British Embassy, for instance, has a distinctly British air. South Africa's building across the street might have been transplanted from Pretoria. Venezuela boasts a rather modernistic structure just a few blocks away. Up the hill is the handsome stone building of the Apostolic Delegate, who does not have diplomatic rank, however.

Not all embassies are in the two

sections mentioned above. The home of Belgium's bachelor ambassador is far out on Foxhall Road, beyond Georgetown. The Peruvians are near the upper reaches of Connecticut Avenue. Many embassies have more than one building in Washington. The British, for instance, have erected behind the main building a rather flimsy several-storied office building, while the British Treasury has separate quarters in an old apartment house on K Street, the British Information Services are in the National Press Building, and

the British Joint Services Mission are in three different places.

The senior foreign diplomat in this country is Norway's Ambassador de Morgenstierne, who came to the capital in 1942. He is followed by Nicaragua's Ambassador Sevilla-Sacasa (July 1943) and France's Bonnet. Baron Silvercruijs, popular Ambassador, is another old timer. Denmark's Ambassador de Kauffmann achieved notice during the Bretton Woods Conference of 1944, where he was a delegate, by climb-

(CONTINUED ON PAGE 155)



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a banker
needs
a bank...

sound reasoning
decides
which one he
chooses

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MAIN STREET

(CONTINUED FROM PAGE 30)

At Union Bank & Trust Co. of Los Angeles, Vice-president DON R. CAMERON has retired, and was elected to the board of directors. JOHN W. LUHRING and SAMUEL B. BURNHAM were elected vice-presidents; F. H. KERNS was named assistant vice-president and trust officer.

The BROWARD NATIONAL BANK of Fort Lauderdale, Florida, has acquired a downtown site to be used for construction of a new bank and commercial building to cost over \$750,000. Plans call for one of the most extensive drive-in installations in the country. The bank hopes to be in its new home by December 1, 1954.

Despite record heat more than 5,000 people attended the open house at the new instalment loan office of 1st NATIONAL BANK AND TRUST COMPANY, Paterson, New Jersey. There were door prizes worth \$1,500 and a large display of appliances, each bearing a sign giving the financing terms.

EARLE T. JARVIS has been elected vice-president in addition to his present title of secretary of the Torrington (Connecticut) Savings Bank. ALFRED F. AUSTIN, JR., was promoted to treasurer.

Some 3,000 persons turned out for the 50th anniversary open house of the STATE BANK OF ESCANABA, Michigan. Everyone received a gift—ivy plants for the women; novel key rings with coin attachments for parking meter change for the men; piggy banks for the children; golden jubilee souvenir booklets and pencils; and music and refreshments for all. It was a pretty big affair and received much local newspaper coverage.

E. C. LOVE, president, has served actively and continuously in The First National Bank of Chandler, Oklahoma, which he joined as an assistant bookkeeper in 1903. He has been president since 1920. This hasn't been his only interest, however. He served about 24 years on the local school board and the city commission; and in 1938-39 was

president of the Oklahoma Bankers Association. He served as county chairman on all bond drives during World War II. He's still active in the bank and has the assistance of his son, E. C. LOVE, JR., and son-in-law, L. D. WORNOM, assistant cashier. He has found time, too, to take part in Democratic politics.

DOROTHY WAGERLE has been named vice-president of the American National Bank of Amarillo, Texas, and is the city's only woman bank vice-president.

The FORT WORTH (Texas) NATIONAL BANK put on a display of trophies and medals won by Ben Hogan, Fort Worth's best-known golfer, and the timing was good—Hogan was just in process of winning the British Open. The display consisted of 73 items.

New lighting and air conditioning formed a large part of the modernization program recently completed by the COUNTY BANK AND TRUST COMPANY, Passaic, New Jersey. There was redecoration throughout, and a new employee cafeteria and lounge were constructed.

A new A.B.A. 75th anniversary commemorative stamp went on sale August 24 in Boston—this one, how-

Husband-and-wife team at the School of Banking of the South—Frank W. Sherman, section leader in Commercial Bank Administration, and president of the American National Bank of Jacksonville, Florida, gives help with a problem to his wife, Mrs. Helen V. Sherman, who is assistant vice-president of the same institution, and who completed her freshman term at the school in June. There was also a father-son combination, and some brothers



ever, is for the American Bar Association. The American Bankers Association antedated the lawyer group by three years.

The NORTHERN WESTCHESTER BANK has opened its new Yorktown Office at Yorktown Heights, New York.

JOEL KEITH, formerly editorial writer for *The Phoenix* (Arizona) *Gazette*, has joined the public relations department of Valley National Bank.

BUSHWICK SAVINGS BANK, Brooklyn, New York, has been celebrating its 80th anniversary. The bank was founded June 14, 1873, and opened its doors the following July 1.

McLucas Memorial Awards

PRESIDENT CHARLES T. FISHER, JR., of the National Bank of Detroit has announced establishment by the bank of an annual educational award program through Detroit Chapter, American Institute of Banking, in tribute to the late WALTER S. McLUCAS, first president of the bank and later chairman until his death in February of this year.

The program is in two parts. One is limited to employees of the bank and provides \$100 each to the five persons maintaining highest grades in qualifying for A.I.B. standard certificates, and \$100 each to the five maintaining highest grades for A.I.B. graduate certificates.

The second part establishes the Walter S. McLucas Memorial Trophy and an award of \$200 to the winner of the public speaking contest of Detroit Chapter, and \$100 to the second-place winner.

Throughout his long banking career, "Mr. Mac" was an enthusiastic participant and ardent supporter in all A.I.B. educational activities.

JOHNNIE CARR, JR., has been promoted to cashier of the Emory branch of the Citizens & Southern National Bank, Atlanta. LARRY BAUMHAUER was named assistant cashier.

The SOUTHERN ARIZONA BANK & TRUST COMPANY, TUCSON, has published a booklet full of historical photographs in connection with its 50th anniversary.



G. M. Bragalini



Angus E. Bird

GEORGE M. BRAGALINI, recently acting postmaster of New York City, has been appointed a vice-president of Manufacturers Trust Company and will be supervising officer of the bank's 14 offices in the Borough of Queens.

ANGUS E. BIRD has retired as chairman of the board of The Citizens and Southern National Bank of South Carolina, Charleston, and has been named honorary chairman. Mr. BIRD was president of the bank from 1928 to 1944, and since 1944 has been chairman.

When the STEPHENVILLE (Texas) STATE BANK held formal opening of its new quarters, a feature was a fish dinner with the fish being brought from New York State by one of the directors who had been on vacation there. The new bank has an air-conditioned community room.

An Active 50th

SAXON B. GAVITT, president of the Lyons (New York) National

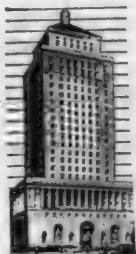
John K. Benson, left, vice-president and assistant to the chairman of the National Shawmut Bank of Boston, accepts a Liberty Mutual Insurance Co., certificate of merit citing the bank's record of 650,000 man-hours worked without a lost-time accident. Making the presentation is W. H. Seymour, vice-president and manager of the insurance company's loss prevention department



....Factory sites

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\$2,675,000,000

Bank, has just celebrated 50 years in banking. On graduation from Phillips Andover Academy in 1903, he entered the private banking business of his grandfather and father, then known as S. B. Gavitt, Banker. Later the bank was reorganized as the Gavitt National Bank of Lyons, to which he succeeded as president in 1921. A 1933 merger formed the Lyons National Bank, of which he has been president for 20 years. Two sons are associated with him in the bank, SAXON B. GAVITT, JR., vice-president, and WILLIAM S.

GAVITT, who is an assistant cashier. MR. GAVITT has long been active in banking circles. He has been president of the Wayne County Bankers Association and was twice chairman of Group II of the New York Bankers Association. He's an ardent sportsman—still enjoys trap shooting. And he's an active gardener, keeping the bank supplied with seasonal blooms. He's the first to arrive at the bank in the morning and insists upon keeping contact with the customers at a teller's window.



John R. Brauc



W. D. Presley

JOHN R. BRAUC has joined the Chicago National Bank as vice-president in charge of its dealer's consumer financing division. He was formerly vice-president of Associates Discount Co., South Bend, Indiana.

First National Bank in Dallas, Texas, has created the office of comptroller and elected WILLIAM DEWEY PRESLEY to the position, with the title of assistant vice-president and comptroller. MR. PRESLEY joined the bank in 1952 after 10 years as a special agent for the FBI.

No Flour!

THE GREEN POINT SAVINGS BANK in Brooklyn distributed to its employees a publication which contained, among many other things, a recipe for a flourless "Brown Sugar Torte." One reader tried the recipe and suffered disappointment with the results. She called the bank and said that the recipe called for no flour, possibly an omission by the printer. This started perusals of dictionaries, calls to editors of the publication, and culminated in presentation to the lady of a torte baked in accordance with instructions—by the wife of the bank's president.

Here's the recipe (and we hope we've proofread it accurately):

- 4½ tbs butter or margarine
- 1½ cups brown sugar
- 2½ cups ground walnuts
- 3 eggs, separated
- 1 tsp vanilla

Cream butter or margarine until light and fluffy. Add brown sugar slowly, while continuing to cream. Add well-beaten egg yolks; blend well. Add ground walnuts; vanilla; fold in stiffly beaten egg whites. Bake in two well-greased 8-inch layer cake pans in moderate oven, 350° F., about 30 minutes. Remove from pans to cake rack; cool. Fill and top with whipped cream and garnish generously with fruit.

*Two heads are
better than one!*

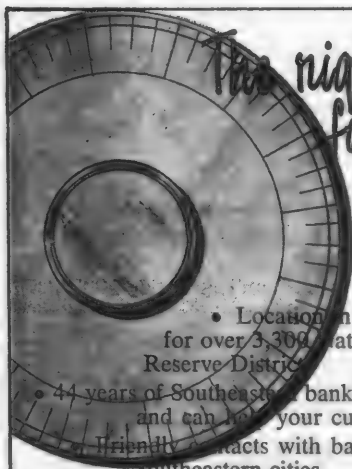
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and solve
your particular problems*



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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

About Washington

(CONTINUED FROM PAGE 151)

ing Mt. Washington several times.

Greatest entertainers among the diplomatic colony are the French, the Dominican Republicans, and the Pakistanis. On occasion native dress is worn at Washington functions by the latter as well as the Indians, Ceylonese, Saudi Arabians, Yemenites and ladies of the Chinese and Japanese embassies, to name the main ones. Japanese men in Washington are not seen in public attired in kimonos. In the case of the Arabians, however, it is the men who often wear desert dress while their women appear in western garb.

License Plate Protocol

Diplomatic cars in Washington carry diplomatic license plates, of which numbers 1 to 125 are reserved for mission chiefs with the lower numbers going to the senior members of the corps. Since Washington is the seat of the Organization of the American States, nine of the 20 Latin American countries assign a second ambassador to Washington as their representatives on the OAS. The remaining 11 countries make their Washington Ambassadors do double duty.

Inflation during recent years has hit not only the dollar but diplomacy as well. Even so small a country as Costa Rica is no longer satisfied with a Minister but must have an Ambassador in Washington. And many an ambassador has on his staff one or more ministers. Great Britain has three, including an economic minister and a commercial minister; Brazil's embassy has three ministers; the French have three; the Chinese two; and the Russians none.

About three-fourths of the governments represented here own their own buildings in Washington, to the regret of the DC real estate tax collector.

The embassies and legations not only represent their governments in dealing with the American Government, but through regular publications, press attaches, and other propaganda activities, most of them appeal directly to the American

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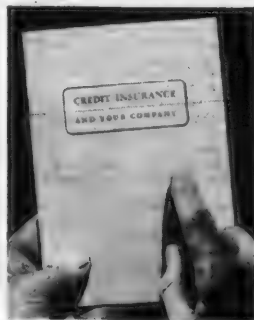
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public. The largest such activity is that of the British, whose information services have offices in New York and Washington from which emanate various regular publications as well as individual service to newspaper writers and others. Although the able head of the BIS' Washington office does not appear on the diplomatic list, he operates as an integral part of the embassy. He is as well a member of the National Press Club's entertainment committee. No distin-

guished British official comes to Washington without having an opportunity to address the club.

In a number of embassies such activities are in the hands of a "public relations attache," an "educational and cultural attache," a "press attache," "information attache," or the like.

Quite a few diplomatic missions have special financial attaches, commercial and technical counselors, and other specialists.

Needless to say, embassy public

relations are nowadays commonly supplemented by the use of American public relations firms.

Aviation

WASHINGTON's importance as an air traffic center is shown in CAA figures. At the National Airport, there were 16,347 aircraft arrivals and departures in one month, enplaning and deplaning 246,141 passengers.

In 1952 the airport received and forwarded nearly 17,900,000 pounds of air freight and 14,300,000 pounds of air express. Traffic records of CAA towers list the Washington National Airport as the country's 16th largest in 1952, outranking LaGuardia Field (N. Y.), Pittsburgh, Oakland, St. Louis, Philadelphia, Indianapolis, Detroit, Boston, and many others on the list of 63 leading air travel centers. In the CAA figures for Washington, military traffic played an inconspicuous role. Such planes have the use of nearby naval and army airfields and generally do not use Washington National Airport.

Friendship International Airport, near Baltimore, was intended to serve the national capital, but has not worked out in the intended manner.

Museums

A WIDE variety of museums are among Washington's outstanding cultural attractions.

The National Gallery of Art, the varied collections in the different buildings of the Smithsonian Institution, the National Gallery of Art, the Freer Gallery of Art, the Corcoran Gallery of Art, the Lincoln Museum, and the Petersen House across the street are well known to tourists.

The Library of Congress, the Folger library, and the National Archives all maintain public exhibits. Less well known are such private institutions as the Phillips Gallery of Art, the Textile Museum, the exhibits always to be seen at the Pan American Union, the National Geographic Society, the National Red Cross, the Botanical Gardens, the Army Medical Muse-

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um, etc. Whether the portions of the White House open to the public belong in this list the visitor may decide for himself.

Bankers should be especially interested in the exhibit room on the second floor of the main Treasury Building. Those interested in fish may wish to visit the aquarium in the basement of the Commerce Department. The collections of the National Zoological Park are among the world's finest.

For music lovers the capital offers not only the National Symphony Orchestra and visiting artists, but also frequent concerts in the Library of Congress, the National Gallery of Art, the Phillips Gallery, and elsewhere. The Pan American Union periodically presents Latin American singers and musicians—as well as art exhibits. The bands of the armed forces are to be heard at capital functions throughout the year.

The Bank and Fund

THE twin international financial institutions which resulted from the Bretton Woods Conference of 1944, the World Bank and Fund, jointly occupy a modern office building at 1818 H Street, N.W.

The Bank has an authorized capital of \$10-billion, of which the 54 member countries have subscribed in their own currencies more than \$9-billion. Members have been called upon to pay in one-fifth of their subscriptions: 18 percent in their own currencies, and 2 percent in gold. The 18 percent, however, may be used by the Bank only under specific authorizations by members. For its loans the Bank has had to rely principally on the dollars paid in by the U.S. Government and the Bank's borrowings on the American and a few other capital markets.

As of this writing the Bank has made 77 loans totaling more than \$1.5-billion in 29 countries. The largest loan was to France: \$250,000,000 in 1947. This was also the longest loan made by the Bank, being for 30 years. The largest development loan was \$100,000,000 to Australia in 1950. The Bank has lent altogether some \$500,000,000

If we don't balance the budget, this country may become as extinct as the dough-dough.

In the Far East a man shakes hands with himself when he meets a creditor. Over here he shakes hands with himself when he doesn't.

Every once in a while you read that Russia has shot some grafters. Guess it's one world after all.

for reconstruction; \$414,000,000 for electric power; \$260,000,000 for transport, etc.; \$153,000,000 for agriculture, etc.; \$144,000,000 for industry; etc. Of the total, \$741,000,000 has gone to Europe, \$374,000,000 to the western hemisphere, \$182,000,000 to Asia and the Middle East, \$150,000,000 to Australia, and \$141,000,000 to Africa.

Outstanding are \$500,000,000 of World Bank dollar bonds plus nearly \$92,000,000 of other obligations. Eighty percent of the obligations are held in the U.S.A., and of the 80 percent, a fourth is held by American savings banks, about the same by American insurance companies, another fourth by trust and pension funds, and the rest by commercial banks, corporations, etc.

The IMF's balance sheet shows nearly \$9-billion of subscribed capital and liabilities. It holds \$3.3-billion of gold and convertible currencies. Its loans, mostly of U.S. dollars, have aggregated more than \$900,000,000 since the start of operations in 1947. Of the loans, one fourth has been repaid. Theoretically the IMF's loans—called "sales of currency"—are for short-term. The IMF's largest borrowers have been the United Kingdom, \$300,000,000; France \$125,000,000; Brazil \$121,000,000; India \$100,000,000; Netherlands \$75,000,000; and Australia \$50,000,000. Of the UK's \$300,000,000 dating from 1947 and 1948 none has yet been repaid. The same is true of the loans to France, Australia, and India.

At the Fund and Bank governors annual meeting in Washington in September 1953 the whole range of international monetary and financial problems is sure to be discussed informally if not formally. In accordance with annual practice various American bankers will be invited to attend the governors' meetings as observers.

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The Board of Directors has declared a regular quarterly dividend of 35¢ per share on the Common Stock of the Company, payable on September 5, 1953 to holders of record on August 18, 1953, and the seventh regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable September 5, 1953 to holders of record on August 18, 1953.



T. S. O'BRIEN
Secretary

July 30, 1953

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BUSINESS AIDS

Each month this column will list recent acquisitions, including manufacturers' literature and other special announcements of interest to our readers—though no statement should be regarded as a product endorsement.

Copies of literature may be obtained by addressing requests to the company named, or to BUSINESS AIDS EDITOR, BANKING, 105 West Adams Street, Chicago 3, Illinois.

Mailer

A NEW inserting and mailing machine which handles large-size enclosures has just been put on the market by the *Inserting & Mailing Machine Company of Phillipsburg, New Jersey*. This model will gather enclosures (as large as 8½ x 11 flat or folded); insert them in envelopes; then seal, meter, count, and stack the mail. A mailing of 50,000 pieces with three inserts would take 400-man hours by hand method, while this machine does the job in 15-hours. Literature is available by writing the company.

Airtubes

THE widely diversified application of airtube carrier systems, including bank adaptation, is told in a new illustrated booklet, *Airtube on Target*, issued by the *Lamson Corporation, Syracuse, New York*. The book



illustrates the various types of carriers and gives technical specifications for various types of installations. Case examples of actual systems in use include details on a New England bank. Write Lamson for a copy.

Home Problem

How to rescue your home from the *Menace of Moisture* is a spritely written booklet by *Lonore Kent*. It tells about the ever-present hazard that plagues every home, and illustrates a point-by-point program for check-up and repair. Copies may be obtained from the *National Paint, Varnish & Lacquer Association, Inc., 1500 Rhode Island Avenue, N. W., Washington, D. C.*



Motor Banking

A NEW booklet, titled *Drive-in Banking At Its Very Best*, has been issued by *Diebold, Incorporated of Canton, Ohio*. Completely illustrated in color, the new literature gives the full story of drive-up windows and equipment, as well as specifications and measurements of all current Diebold designs. Write the company's headquarters for a copy, or contact any local branch.

Checkwriter

THE *Todd Company, Rochester, New York*, has introduced a new *Protectograph disburser* which writes, signs, and dates checks in a single operation. After the check amount is set up on the keyboard, a touch on the trip bar completes the check except for the payee name. Company time studies have shown a reduction in check preparation time by 60 percent through use of this new small portable unit. Write Todd for literature.



Oil Imports

THE *Standard Oil Company (New Jersey)* recently completed a study of oil imports into the United States, and presents its findings in a new booklet, titled *Facts About Oil Imports*. In view of the proposals now under legislative consideration to restrict such shipments, this study offers some practical facts and figures in the interest of a wider understanding of the problem. Write the company for a free copy: Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

Sanitation

THE latest information on sanitation and maintenance products for public and business buildings is contained in a new 48-page, colorfully illustrated, sanitation products catalog just announced by *Huntington Laboratories, Inc., Huntington, Indiana*. It gives complete information on each product—what it's made of, how it works, where and how to use it efficiently and economically. Write company for a free copy.



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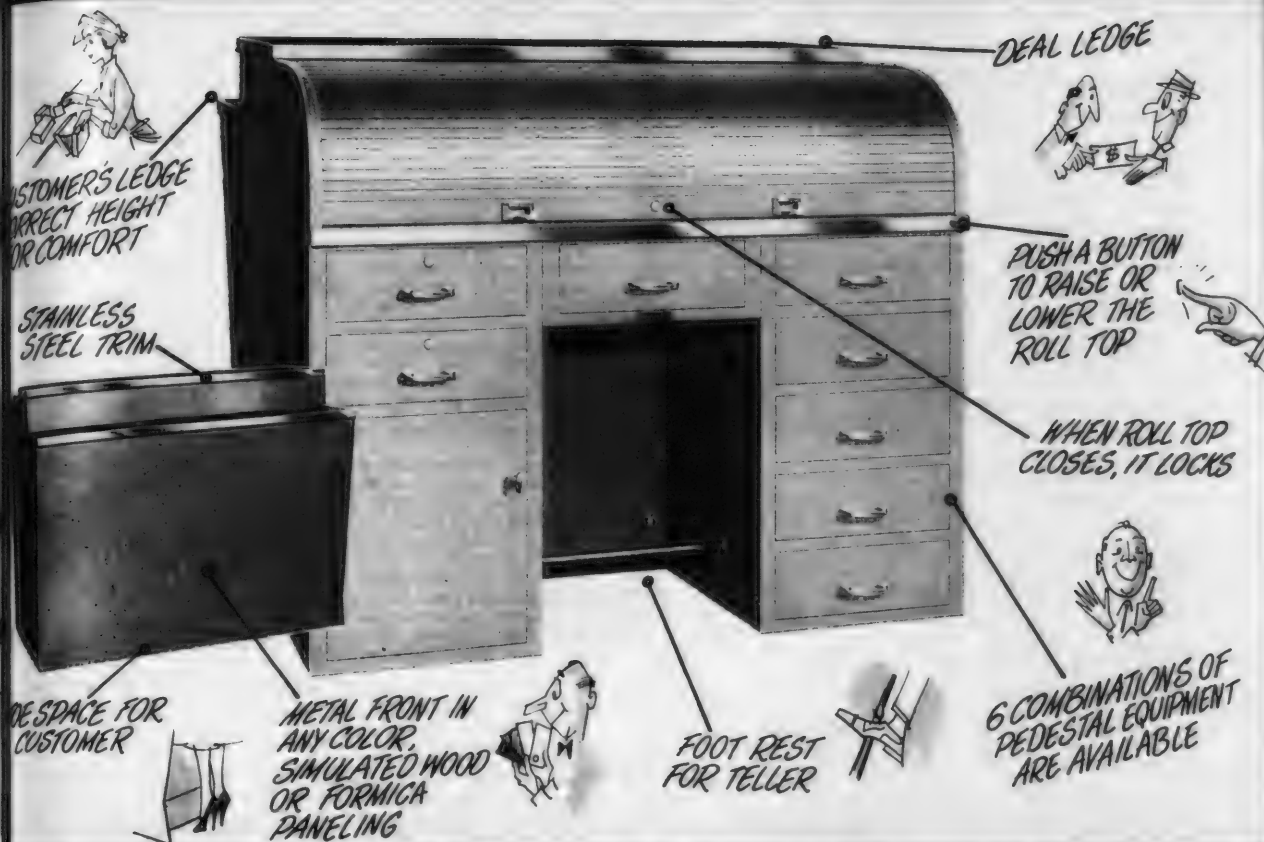
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His M-1 Jammed!

Corporal

Rodolfo P. Hernandez, U.S. Army

Medal of Honor



0200 HOURS! Suddenly the pre-dawn blackness on Hill 420 split into crashing geysers of orange flame. Behind the barrage, yelling, firing, hurling grenades, a horde of Reds pushed up the hill toward G Company's position.

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NATIONAL CITY TIMES SQUARE BRANCH MANAGER, Walter J. Brotherton, right, talks to a depositor—operator of the nationally-known Times Square newsstand at the crossroads of the world where bankers visiting New York buy their hometown newspapers. Brotherton's intimate knowledge of large and small businesses in his neighborhood is expanded by the Bank's 67 other New York managers to encompass the entire city. This city-wide coverage generates a "know-how" and specialized knowledge of New York's business "communities" that is available to National City's correspondents for the asking.

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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 34)

economy can never be a stable economy." The Federal Reserve System was established ostensibly to "stabilize the economy," but I believe we have had wider fluctuations during the past 40 years than ever before in history. Even with all the price-fixing and controls we have had, no one can call this a stable economy.

The childlike belief on the part of people who ought to know better that "there will never be another depression" has aggravated the situation further and piled up a lot of potential grief. It is probably safe to conclude that you cannot prevent depressions unless you prevent the booms that precede them. If this premise is granted, we are about ripe for the second great depression of our lifetime. In fact, we seem to be working toward it in a much more orthodox manner than most people recognize.

THE forthcoming depression, however, may not bear much resemblance to what happened in 1929. History never repeats itself closely enough to do us much good. I do not foresee any acute unemployment during the next few years. I think rather that there will be a squeeze in the standard of living which will make it impossible for so many people to live in the style to which they have become accustomed. As someone recently pointed out, this is an "overtime economy." If you were to eliminate the overtime now being paid, you wouldn't sell half as many automobiles or houses as have been sold in recent years.

All of which leads me to observe that people (both consumers and producers) seldom retrench voluntarily. As businesses and as individuals, we keep spending and expanding so long as we can borrow a dollar to do it with. That is why we keep going until we come to the end of the line. That is why we don't taper off gradually but wake up some morning in a total vacuum. That is why we must keep expanding, forever and ever, because when we stop going up, there is only one other direction to go—and that is down. No economy has ever remained suspended in midair for any length of time.

I KNOW very well that I can't prove these statements, but I have made them for what they are worth. And let me say, in closing, that I am beginning to develop a profound respect for economist Arthur Burns. It is most refreshing, amid the fog of fallacies and wishful thinking, to find a fellow who admits that we still don't know what the heck it is all about. He seems to realize, as I think I do, that we might do something about it if we had the guts and the power to make the proper preparations in advance. But, until we repeal human nature, how can we get people to act either in a rational manner or a coordinated manner?

In other words, to prevent a depression, say, in 1955, it would be necessary to take certain steps in 1950 and maybe as far back as 1945 when the seeds of the 1955 depression were planted. Obviously there

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is nothing that can be done now about the errors of 1945 to 1952 inclusive. It is too late.

Therefore, I believe that the time has come to bat-
ten down the hatches and to be completely realistic
and hard-boiled about it. The present administration,
aware of the fact that Hoover was accused of doing
"too little too late," will undoubtedly do *too much*
too soon. This is an even surer way of prolonging
the agony than last time, when a two-year depression
was aggravated and stretched out into one lasting
for 12 years and was finally terminated only by the
stimulation of a major war—HERBERT A. LEGGETT, vice-
president, Valley National Bank, Phoenix, Arizona.

New Condition, New Problems

WHEN it becomes evident that contracyclical mea-
sures are needed to try to reverse depression
trends, we may find that Federal agencies do not have
enough ability in applying stopgap actions to be effective.
Downward pressure may be accelerated by here-
tofore unthought of characteristics in our economy.
Never before have similar conditions existed, e.g., the
large Government debt, the large private debt, the high
proportion of total employment in trade, services, and
other nonproductive fields, and the uncertainty of sta-
bility in world conditions.—LEWIS G. PRICHARD, assis-
tant-cashier, First National Bank of Portland, Oregon.

Contracyclical Steps Not Yet Tested

SINCE the last depression a vast amount of valuable
research has been undertaken for the purpose of
better understanding the factors which determine na-
tional levels of consumption and investment. As a re-
sult of much of this research we have developed greatly
improved—though still imperfect—statistical measures
of these factors. Also, much thought has been given
to the types of governmental action that should be
taken to avoid serious business declines.

The area of disagreement on such matters as tax
reductions, increased Government expenditures, and
easier credit conditions remains great, but it is much
narrower than it was 20 years ago. Each of our major
political parties, in recent campaigns, has stated time
and again that every available tool will be made use of,
in order to prevent large scale unemployment. If the
need should arise, it would seem the tools advocated by
present theory will have the opportunity to be applied.

However, it should be recognized that the economic
tools available for combating a serious downturn in
business have never been really tested. Our post-de-
pression years have been dominated by either the direct
or indirect reactions to large scale defense expendi-
tures. To date, the timing of military spending has
been such as to preclude any important application of
the so-called tools. Some of these were brought into

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play during the 1948-49 downturn, but it is doubtful that this adjustment was sufficient either to prove or disprove their value. Actually, our economy has not experienced any prolonged period that has not been supported by a pent-up demand or by significant military expenditures since the last sharp break of 1937-38. Because of this, no one can speak with real authority as to what would occur should these powerful supports be completely withdrawn from our economic scene.

The only models we have available to study our problem must be constructed within the framework of current theory. Such models have many limitations and there is no way we can be certain they accurately describe the sequence of events that would occur within the real world in which we live. In all probability, reality would see effective contracyclical steps taken by our elected representatives only after unemployment became a matter of national concern. The timing of such action would be most important in determining the severity of the downturn and yet, to date, we simply do not possess widely accepted instruments to give fair warning as to when agitation for such action should begin. What we do have are, at best, but rough indicators, untried and unaccepted in many circles.

As stated before, important strides have been made in learning how to control wide cyclical fluctuations. Although there is much disagreement over the effectiveness of the various tools, it is only after they have been tested that we can be truly positive of the answer to the question under examination.—ROBERT R. DOCKSON, *economist, Bank of America National Trust and Savings Association, San Francisco, California.*

Monetary and Credit Policies Can Do Much

It seems to me that the key word in that question is "assure." I do not believe that we have the economic tools and experience to *assure* that there will be no serious business decline. We have, however, considerably more experience and somewhat better tools than we had before, and consequently my feeling is that we can do a great deal to ameliorate cyclical changes.

This conclusion must be tempered with certain qualifications. The better tools and more experience cannot be brought to bear fully on the problem of alleviating cyclical changes without fairly full public understanding and acceptance of the necessary programs. Furthermore, since we alone are unable to control international developments and particularly the incidence of war, there can be certain sets of conditions under which the best experience and economic tools available to us will be of restricted and perhaps no particular use.

I should be inclined to agree with the Burns statement that we have no adequate grounds for believing that the business cycle will soon disappear. It seems to me, however, that his analysis does not give adequate weight to the usefulness of proper monetary and credit policy and, instead, over-emphasizes the use of Government fiscal contracyclical policy, which is imperfectly understood and faces obstacles to the effective use of such knowledge as does exist. In the monetary and credit field we are continually accumulating experience, and our recent experience gives, I believe, a good indication that monetary and credit policy can be successful in aiding in the maintenance of high-level stability.

I do not wish to leave a false impression. It is, of course, not possible, nor in my opinion, desirable, rigidly to stabilize prices, employment, and production volumes by way of monetary controls alone. Nor should one think of monetary adjustments as push-button operations triggered by penetration points on certain key economic indices. Such is not the case and can never be for very basic reasons. Reactions of individuals and business to monetary-credit action cannot be precisely foretold and will, in most cases, vary one time as against the next.

Thus, while I have answered "no" to your very fundamental question, I am confident that much can be done with our tools and experience to hold the cyclical movements of business within palatable, healthy limits.—FREDERICK L. DEMING, *first vice-president, Federal Reserve Bank of St. Louis, Missouri.*

We Have Learned a Great Deal

DR. BURNS' untimely statement is an unfortunate one. Even though he made it in his capacity as director of the National Bureau of Economic Research, those who read it will not overlook the fact that he is Economic Adviser to the President of the United States and will wonder what effect such thinking might have upon administration policy.

Theoretical economists have talked of a stabilized economy for a long time, as physical scientists have talked of vacuums. Just as the latter admit that there is no such thing as an absolute vacuum, so economists admit that there is not and cannot be a condition of absolute economic stability. To most of us it is not a question of the "fine precision" Dr. Burns refers to. The real question is whether we have learned enough in this great country to avoid a recurrence of violent and extreme cyclical fluctuations such as took us to the depths of depression in the Thirties. It is a matter of relatives that is of great concern—not a matter of absoluteness, or "fine precision."

No one with good sense believes that we can have such stability as "to assure virtually full employment and a virtually stable price level at all times" without a degree of regimentation of our economic lives that would be revolting to all of us. The vast majority of Americans had rather not have stability at so dear a price.

On the other hand, there are millions of people who think that it is equally revolting for a nation to allow itself to have one in every four of its labor force idle (as was true in 1932) because no jobs are available; or to have banks and other financial institutions fail by the thousands and wipe out lifetime savings of thrifty families (over 5,000 banks failed in three years 1930, 1931, 1932); or to have billions of dollars in property values wiped out and tens of thousands of mortgage foreclosures executed on farmers and urban dwellers alike—to say nothing of the collapse of thousands of corporate and non-corporate business enterprises throughout the land.

It is true, as Dr. Burns says, that "the art of contracyclical action" is "as yet imperfectly understood," but it is far from true that we are totally ignorant of contracyclical forces. If we are, then we are wasting a lot of money on such agencies as the Federal

Reserve System. It is not only in economics that there remains much that is "as yet imperfectly understood." We don't know everything in geology, or the record of successful oil wells would be better than one in ten. And there are some physical ailments that are "as yet imperfectly understood" by physicians.

It is hard to deny convincingly that there is a relationship between the extremeness of the boom and the severity of the fall—just as there seems to be a relationship between the degree of drunkenness and the intensity of headache in the sobering-up. We may pay—and probably will—for the frenzied economic binge we have been on since 1940, but that is not to concede that we had to go on the spree in the beginning. We had enough contracyclical knowledge to guide us into greater moderation. And it is a mistake to say that the American people would not have allowed it. Their temper after Pearl Harbor was such that they would have gone along gladly, just as they sent their sons by the millions.—ARTHUR A. SMITH, *vice-president and economist, First National Bank in Dallas, Texas.*

Difficult to Proceed with United Front

THE QUESTION itself implies that action can be taken which will control economic activity within a rather narrow path. We do not despair of the problem, but on the other hand we do not believe that our present knowledge is such that we can have full employment at all times and under all conditions without paying a price which may be almost as undesirable as some degree of underemployment itself.

In our opinion, our present techniques are somewhat gross and the response of the economy to them somewhat sluggish. Furthermore, the insight of economists, Government administrators, businessmen, and labor leaders into the economic process is much more imperfect than that which would be required to get proper timing of action, even if our tools were satisfactory. We find ourselves in strong agreement with that portion of Dr. Burns' statement which says: "Our limited experience with contracyclical policy does not provide strong support for the belief . . . that the Government is capable of adjusting its spending, taxing, and regulatory policies with the fine precision and promptness needed to assure virtually full employment and a virtually stable price level at all times.

For these reasons, we do not feel that a serious business decline can always be avoided. It does appear, however, that government has two responsibilities. First of all, it ought to use the tools available to it—monetary and fiscal policy and government investment—in such a manner that it does not contribute to a business decline. Again, even if the foresight of government is proper, a business decline may occur, since the tools available to it may not modify the expectations and behavior of the private sector in such a manner that a business decline will not ensue. On the other hand, government itself, through unwitting error, may contribute to a business decline by misjudging the prospective reactions of the private sector.

Faced with the onset of a business decline, it be-

comes incumbent upon government to use the tools at its command to counter the decline. The various techniques and aims have been discussed in great detail elsewhere. We merely wish to point out that while the Government can use monetary and fiscal tools to improve the environment for investment and consumption, this may not solve the problem. The economy may be beset by certain frictions and institutional structures which work against the maintenance or the recovery to a high level of economic activity.

The danger that exists in this framework is that, in an effort to overcome the forces making for depressed economic activity, the Government may create a larger money supply than is consistent with longer-run stability. In other words, if the monetary and fiscal tools alone are relied upon to overcome structural frictions and weaknesses, we may ultimately be faced by an inflationary situation. It is incumbent upon the Government not only to adjust the monetary and fiscal sphere but to encourage the private sector to make adjustments which remedy frictions and structural weaknesses. In some cases this may mean that government must resist pressures for partial solutions such as higher tariffs, price support, or subsidy programs.

It is unfortunate that our understanding of these types of problems has not advanced sufficiently so that we can proceed with a united front. Given depressed economic conditions, the private sector, including business, labor, and agriculture, must come forth with suggestions concerning their respective roles which will help correct the forces making for depressed activity."—O. P. WHEELER, *vice-president, Federal Reserve Bank of San Francisco, California.*

Easy Money Too Often a Cure-All

IT SEEMS to me Dr. Burns is quite correct in his conclusion that business cycles are not likely soon to disappear. Perhaps there are two major reasons why efforts to "smooth-out" the business cycle have fallen short of their objective. In the first place, such efforts have centered about particular *Government* action, as distinguished from efforts to adjust business and industrial practices so that the basic imbalances which give rise to cyclical movements can be reduced. In the second place, the efforts of Government in recent decades to modify cyclical movements have consisted primarily in the use of stimulants. Few sedatives to retard excessive expansion have been applied. The stimulants, as Dr. Burns has pointed out, have consisted largely of the use of "easy money" and of Federal expenditures in excess of receipts financed by "easy money."

In direct answer to the question you have raised, it is very doubtful if we have means which can assure that there will be no sizable business declines in the future. Rather, by using "easy money" policies and easy-going fiscal policies, we have prolonged the present boom, causing it to advance to higher levels than it would otherwise have reached.

Prolonging a boom is quite a different task from that of preventing a business decline.—DWIGHT W. MICHENER, *economist, Chase National Bank of the City of New York.*

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A·B·A Convention

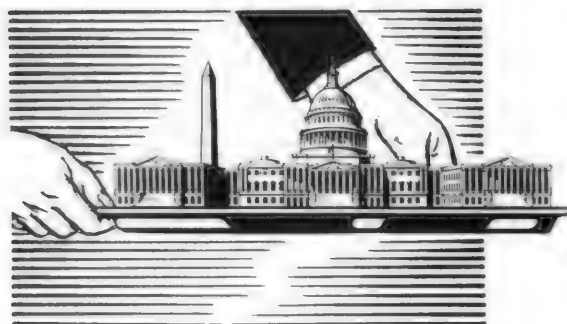
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to Washington and that you will stop
by to say hello during the Convention.

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Washington, D. C.

DANIEL W. BELL, *President*



9 CONVENIENT LOCATIONS

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The 79th Convention

COME to Washington with **BANKING** in the 48 pages of this special section for a preview of the 79th annual convention of the American Bankers Association and the great city that is its host.

Read the convention program, with its impressive list of speakers (President W. Harold Brenton, Secretary of the Treasury George M. Humphrey, Deputy to the Secretary W. Randolph Burgess, among many others).

Visit, in text and photographs, the nation's capital. Review the three previous A.B.A. conventions held there.

Meet, on the four following pages of pictures, the men who head the many branches of the Association's official family.

Inspect (again in print) what's new in bank equipment.

Of special interest are the color photographs of Washington, published through the courtesy of the National Geographic Society and Magazine.

Whether or not you're one of the more than 6,000 bankers going to the convention, we suggest that a browse through this section will be rewarding.



HARRIS & EWING PHOTOS

Constitution Hall, where the convention's two general sessions will be held. Above is the Washington Monument



Association Leaders



President
W. HAROLD BRENTON
President, State Bank of Des Moines
Des Moines, Iowa

The official family of the American Bankers Association includes 833 bankers who fill 1,082 key assignments. This breakdown gives an idea of how they serve: Executive Council, divisions, and sections, 371; commissions and councils, 230; committees, 481.

The contribution made to organized banking by this group is of the greatest importance. Regrettably, only a few of the men can be pictured on these pages.



Vice President
EVERETT D. REESE
President, The Park National Bank
of Newark, Newark, Ohio

Treasurer
WILLIAM B. GLADNEY
President, Fidelity National Bank
Baton Rouge, Louisiana



Executive Vice President
HAROLD STONIER
Director, The Graduate School of Banking
New York, New York



Executive Manager
MERLE E. SELECMAN
Secretary, A.B.A. Trust Division
New York, New York





JOSEPH E. HUGHES
Chairman, Board of Regents, The
Graduate School of Banking; President,
The County Trust Co., White Plains, N. Y.



T. ALLEN GLENN, JR.
President, National Bank Division
President, Peoples National Bank
Norristown, Pennsylvania



WENDELL T. BURNS
President, Savings & Mortgage Division
Senior Vice-president, Northwestern
National Bank, Minneapolis, Minnesota



B. M. HARRIS
President, State Bank Division
President, Yellowstone Banks
Columbus and Laurel, Montana



ROBERT A. WILSON
President, Trust Division
Senior Vice-president, The Pennsylvania
Company, Philadelphia



STETSON B. HARMAN
President, American Institute of Banking.
Trust Officer and Asst. Sec., First Trust
and Savings Bank, Pasadena, California.

JAMES C. SCARBORO
President, State Association Section
Secretary and Treasurer, Colorado Bankers
Association, Denver, Colorado

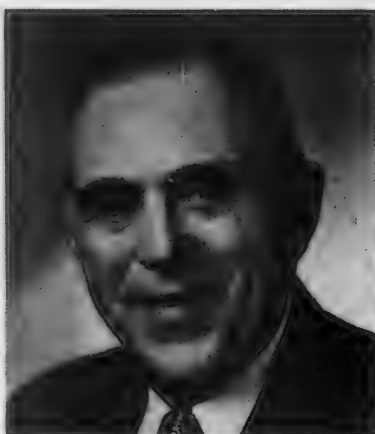
W. W. CAMPBELL
Chairman, Agricultural Commission
President, National Bank of Eastern
Arkansas, Forrest City, Arkansas

RAYMOND C. DEERING
Chairman, Bank Management Commission
Vice-president and Comptroller, Manufac-
turers Trust Co., New York, N. Y.





FRED I. KENT
Chairman, Commerce and Marine Commission; Director, Bankers Trust Company
New York, New York



W. W. WILLY
Chairman, Country Bank Operations Commission; President, Security Bank
Madison, South Dakota



FRED F. FLORENCE
Chairman, Credit Policy Commission
President, Republic National Bank
Dallas, Texas



EVANS WOOLLEN, JR.
Chairman, Economic Policy Commission
Chairman, Fletcher Trust Company
Indianapolis, Indiana



PAUL M. WELCH
Chairman, Instalment Credit Commission
Vice-president, The Citizens & Southern
National Bank, Atlanta, Georgia



WILLIAM F. KELLY
Chairman, Small Business Credit Commission; Executive Vice-president, The
Pennsylvania Company, Philadelphia

FRANK M. TOTTEN
Chairman, Public Relations Council
Vice-president, The Chase National Bank
New York, New York



V. W. JOHNSON
Chairman, Research Council
President, First National Bank
Cedar Falls, Iowa



W. L. HEMINGWAY
Chairman, Advisory Committee on Special
Activities; Chairman, Executive Committee,
Mercantile Trust Co., St. Louis, Mo.





C. EDGAR JOHNSON
Chairman, Committee on Federal Depository Functions and Fiscal Procedures
Vice-president, First National Bank
Chicago, Illinois



GEORGE R. BOYLES
Chairman, Federal Legislation Committee
President, Merchants National Bank in
Chicago, Chicago, Illinois



FRANCIS MARION LAW
Chairman, Foundation for Education in
Economics; Chairman, First National Bank
Houston, Texas



ROBERT V. FLEMING
Chairman, Government Borrowing Committee; President and Chairman, The Riggs
National Bank, Washington, D. C.



HARRY F. HARRINGTON
Chairman, Insurance and Protective Committee; Vice-president, The Boatmen's
National Bank, St. Louis, Missouri



BARNEY J. CHIGLIERI
Chairman, Organization Committee
President, Citizens National Bank
Toluca, Illinois

EDWIN P. NEILAN
Chairman, Committee on Service for War
Veterans; Exec. Vice-president, Equitable
Security Trust Co., Wilmington, Del.



SHERMAN HAZELTINE
Chairman, State Legislation Committee
President The Bank of Arizona
Prescott, Arizona



H. FREDERICK HAGEMANN, Jr.
Chairman, Treasury Savings Bonds Committee; President, Rockland-Atlas National
Bank, Boston, Massachusetts



The Banker's Washington

JOHN L. COOLEY

A "Federal City" that would be the first planned national capital, located almost midway in the strip of young states along the Atlantic seaboard, was one of President Washington's pet projects. He wanted a center of government which, "although not as large as London," would have "a magnitude inferior to few others in Europe."

The realization of his dream, first entrusted to the young French engineer Major Pierre Charles L'Enfant, has been the work of innumerable architects, engineers, and artists who, during the past century and a half, have made Washington one of the world's majestic cities.

When the Government moved to its new home from Philadelphia in 1800, the year after the first President's death, John Adams found the "President's House" virtually finished. The "Congress House," whose cornerstone Washington had laid on September 18, 1793, would not be "done" for many years, and then would await major changes, including construction of the dome. The Federal Reserve building, the Lincoln and Jefferson Memorials, the Pentagon, the Atomic Energy Commission's headquarters, and many other symbols of America's development, were biding their time.

Now, with the particular interests of bankers in mind, let's have a look at Convention Town.

A Visit to the Treasury

THE business office of this planet's biggest enterprise, the United States Government, is that large granite building opposite the White House on Pennsylvania Avenue at 15th Street, N.W.

The Treasury's present home is old; it doesn't glisten like the Supreme Court or the National Archives. But the designer, Robert Mills, had an eye for appropriate dignity, spaciousness, and solidity, and gave the building the formal beauty of the Greek Revival period.

They say (please don't expect us to prove it) that one morning back in 1836 President Andrew Jackson decided the committee charged with providing a new Treasury had done more talking than building. So he walked across the street to the site, looked it over carefully, plumped the presidential cane into the dirt near the northeast corner of the lot, and announced in the best Jacksonian manner, "Right here is where I want the cornerstone!"

Be that as it may, the location is choice. To the West is the White House; to the South the forecourt, the statue of the first Secretary, Alexander Hamilton, an equestrian General Sherman, a glimpse of the Monument. At the north entrance is another bronze Secretary, Albert Gallatin, and nearby are the Treasury Annex, the Washington home of the American Bankers Association, and several banks.

The building was first occupied in 1839, the last addition finished 30 years later.

The Room That Was the White House

Let's walk this huge rectangle's endless corridors, with their fluted gold Corinthian pilasters topped by capitals bearing the eagle and the key of the Treasury Seal. Peer at the hundreds of offices that carry on the Treasury's amazingly diversified business. Note the Secretary's suite, the rooms marked Bureau of Ac-

counts, Public Debt, Bureau of Customs, Bureau of Narcotics, U. S. Secret Service, among many.

Look particularly at Room 3434 on the third floor. The sign identifies it as the business address of the Deputy to the Secretary of the Treasury, whose name is W. Randolph Burgess, a former president of the American Bankers Association. But the sign doesn't tell you that this room, now used by Mr. Burgess's secretaries, was the *pro tem* White House for several weeks following Lincoln's assassination.

After the tragedy of April 14, 1865, Mrs. Lincoln's condition was so serious that President Andrew Johnson wanted to show her every consideration. When Hugh McCulloch, the Secretary of the Treasury, offered a Treasury office to the new Chief Executive, Mr. Johnson accepted. To this room, No. 3434, the foreign ambassadors and ministers came to pay their respects to Lincoln's successor; here Johnson signed the order naming a military commission to try "persons implicated in the murder of the late President"; here he announced a reward of \$100,000 for the capture of Jefferson Davis; here the Cabinet met from April 16 to June 10.*

A treasury, of course, should have some money, and this reporter expected something rather big along this line from the Treasury. Candor compels him to admit, however, that he didn't see a nickel. So sharp a contrast to the opulence visible at the Bureau of Engraving and Printing was rather disappointing.

The Treasury's "Bank"

For cash BANKING had to substitute the Treasury's "cash room," which proved, on the whole, a satisfactory compromise.

(CONTINUED ON PAGE 176)

*For the information on the Treasury Building's role as White House, BANKING is indebted to an account prepared for the Treasury by a retired member of its staff, Francis Ryan.



The Treasury Building

GENDREAU

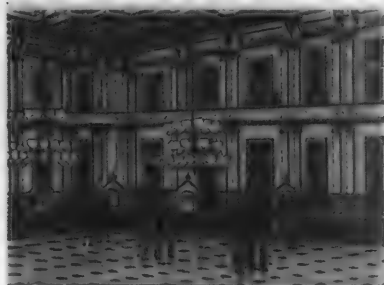
This rare old photograph shows the excavation for the Treasury Building's northwest wing, about 1857. The man sitting on the stone in the right foreground has been identified as President James Buchanan who might well have strolled across the street from the White House to see how the job was progressing



NATIONAL ARCHIVES



Above, 1804 view of the Old Treasury



An engraving of the Treasury's cash room. Here President Grant's inaugural ball was held on March 4, 1869

(CONTINUED FROM PAGE 174)

Large raised gold letters above the entrance to this division tell you that within is the "Treasury of the United States"—and when a banker enters he feels right at home. For the "cash room" looks just like a bank; in fact it is a bank, with tellers' cages, grilles, and vault. (But don't look for the loan department; there is none.)

Business is brisk. Government checks and interest coupons on Treasury bonds are cashed here. Currency and coin are paid out to banks in Washington and to commercial businesses. The Cash Division has contacts with about 60,000 Washingtonians and deals with 25 banking institutions in the District.

Some \$6-billion in deposits is received in an average month. Certificates of deposit are issued, and items sent to the Federal Reserve banks for collection. You can buy Savings Bonds, too.

The paying tellers disburse \$250,000,000 to \$300,000,000 monthly in cash, and provide \$20,000,000 in change to Washington businessmen.

In the Treasury's basement there's another vault well equipped with silver dollars and sundry other valuables. There's also a pistol range where men of the Secret Service, Narcotics Bureau, Customs, as well as the building's own guards, keep their eyes sharp.

Much more could be told about this big columned home of the Treasury, but there are other calls to pay.

Uncle Sam's Money Factory

THE young lady remarked, casually, "Perhaps you'd like to hold \$125,000,000?"

Well, it was a hot summer day in Washington, and sometimes even the natives can't take it. So your correspondent, highly humidified himself, decided it would

be tactful to ignore the inquiry. After all, the girl had been a most competent guide through the Bureau of Engraving and Printing, and if at this point in BANKING's tour the temperature had played her a mean trick, this reporter would forgive and forget.

"Would you?" she repeated, smiling.

H-m-m-m . . . maybe the gal meant it. Your correspondent, whose personal finances struggle to maintain the minimum suggested by his patient bank in New York, smiled back. Under the circumstances—the unusual environment—this might well be the Real McCoy; if not, he'd go along with the gag.

"Sure!" he said.

From a vault came a man trundling a dolly. Riding it was a small wooden chest.

"There you are," the young lady announced, rather proudly.

Sure enough—there it was: \$125,850,000 in packaged \$10,000 Federal Reserve notes. They looked smug and self-sufficient in their gay green ink—and very cool and poised, like folks who are handsome and know it. They smelled good, too.

"Lift it," the girl suggested. "It only weighs 29 pounds."

Croesus Never Had It So Good, Either

Your correspondent prepared for his great moment with a prayer that his muscles would not fail him. They didn't. For five seconds he cradled the price of the Empire State Building, a college endowment, a few bombers, a fleet of limousines, and several Gutenberg Bibles. Then he set the case down, stroked the top half million, and found himself a reporter again. He realized, sadly, that never had he had it so good, for so short a time, and to so little purpose.

Probably you people who manage banks and work in them—you who are coming to the A.B.A. convention—call this pretty small potatoes. And these days it is. For at that moment Congress, on the Hill, was mulling over an appropriation several times the amount featured in this slight memoir. Across the corridor Bureau machines were grinding the stuff at the rate of \$44-

"Separating Fractional Currency" is the title to this picture illustrating an old article on the Bureau





The Bureau of Engraving and Printing

HARRIS & EWING

000,000 a day, give or take a few hundred thousand. And men were indifferently bundling \$100 bills into \$400,000 packages.

Outside—in Washington, throughout the country, around the world—the Government was spending something like \$190,000,000 a day, so you see the wad recently mentioned wouldn't take your Uncle Samuel once around the clock.

But just the same, \$125,850,000 is a you-know-what lot of money in anybody's country.

The Greatest Show on Earth

The Bureau of Engraving, which takes care of all your monetary needs except the earning and the spending, is the greatest show on earth. Nowhere else can Americans see, in the luscious, familiar green, such

A more modern view of the Bureau at work. One girl trims sheets of bills. The other watches for defects—and counts again



HARRIS & EWING

massive purchasing potential. And thousands come each day to watch other people make money and to feel rich for half or three-quarters of an hour.

Look and listen carefully as the guide takes you along the visitors' galleries that straddle the floors where the money is printed, counted, and packaged. Bearing in mind the precautions your own bank takes, note the elaborate system of accounting for each precious, privileged piece of linen-cotton paper as it's fed into the flat-bed presses for the printing runs, inspected, dried, sized, trimmed, numbered, overprinted with seal and signatures, bundled, steel-banded, and placed in the great vaults to await shipment to the Treasury and the Federal Reserve banks.

Marvel at the work of the world's best engravers who etch and tool the portraits, ornaments, pictures, and lettering on the plates; at the ink-making process; the story of the tough paper; the counting, counting, counting; the responsibility of the highly skilled staff.

You may like to hear that even in this climate of accuracy, precision and precaution a mistake occurs now and then—an imperfection in printing, a numbering slip-up, a counting error. There was, for example, the famous "\$30 bill," the note that was \$20 on one side, \$10 on the other. This oversight, officially detected when some puzzled soul came in to ask whether he had a twenty or a ten, delighted and enriched a few fortunate collectors; only a few of the bills got out.

Stamps, Securities . . .

The manufacture of postage and revenue stamps, United States securities, Armed Services citations, official invitations to White House functions, Presidential "greetings" to draftees, and other Government paper is another chapter in the story of what goes on at 14th and C Streets, N.W.. One of the items designed and printed here was the three-cent green stamp commemorating the 75th anniversary of the American Bankers Association in 1950. It was first sold on Janu-

ary 3 of that year at Saratoga Springs, New York, scene of the bankers' meeting that led to formation of the A.B.A. Approximately 140,000,000 copies of the attractive stamp were distributed.

Visiting hours are 8 A.M. and 11 A.M., 12:30 P.M. and 2 P.M., Monday through Friday. A guide will take you around, and there's no charge. The Treasury, which bosses the show, will be glad to have you see where your stock in trade comes from.

The "Fed" Lives Here

THE white marble masterpiece on Constitution Avenue gleams as you ascend the broad, friendly steps, and you feel that the big doors are the gateway to a pleasant experience in your tour of "the banker's Washington."

Cut into the stone over the main entrance are two words: "Federal Reserve." On either side the building, shaped like an "H," reaches in sharp, clean lines for half a city block. No Greek columns here; instead, functional simplicity, harmony, flat wall surfaces broken by tall narrow windows.

"Good American" is your instinctive reaction to the System's Washington home. That's a compliment to Dr. Paul T. Cret of Philadelphia, the designer; to Governor Adolph C. Miller, head of the building committee; and to the Fine Arts Commission and the other capital agencies that had a hand in planning it nearly 20 years ago. The Commission's directive that "the nature of the functions performed by the Federal Reserve Board dictates an architectural concept of dignity and permanence" was well executed.

In the floor of the crisp, cool marble lobby is the bronze seal of the Board of Governors of the Federal Reserve System. On the ceiling are plaster reproductions of old Greek coins. Relief likenesses of Woodrow Wilson and Carter Glass are reminders of the System's beginnings.

Two graceful staircases rise to the second floor which is the building's business headquarters. One leads to the Board room, and if the Governors aren't meeting you can step in, perhaps, and see the long table, the tall marble fireplace over which is the coat of arms of the United States, the mural map of the 12 Federal Reserve districts, the statistical charts, framed in bronze, that symbolize the System's economic intelligence service.

Nearby are the offices of the Governors, an attractive library for their use, conference rooms, offices, and staff working quarters.

In the heart of the building is the central file section, two floors tall. There are also special facilities for research workers.

Dining rooms for the Board members and staff, and a basement garage are among the other facilities.

THIS has been a sketchy trip. Maybe you'll like to see the Bureau of Engraving and Printing, the Treasury, and the Federal Reserve for yourself, come September 20.

Meanwhile, on other pages of this Convention Section and elsewhere in the magazine you'll find informative stories about Washington, 1953.

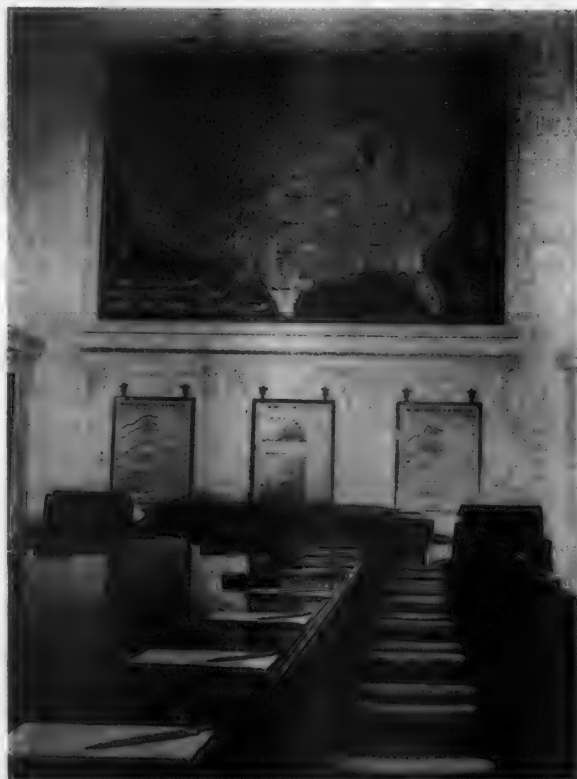


The Federal Reserve Building

HARRIS & EWING



The Board of Governors meets in this room



HARRIS & EWING

BANKING

The Convention Program

THE 79th annual convention of the American Bankers Association, to be held in Washington, D. C., September 20-23, will open on Sunday afternoon with a reception at 4 o'clock in The National Gallery of Art, according to W. Harold Brenton, president of the Association and of the State Bank of Des Moines, Iowa. The annual business sessions of the Association's divisions and general sessions of the convention will be held on Monday, Tuesday, and Wednesday.

It is expected that more than 6,000 bankers and their wives from all sections of the United States will be guests of the District of Columbia Bankers Association, the convention hosts. Chairman of the General Convention Committee is Robert C. Baker, president of the District of Columbia Bankers Association and executive vice-president of the American Security & Trust Company.

Convention registration will be centered in the Chamber of Commerce of United States Building; and information desks will be maintained during the four days at the Continental, Mayflower, Shoreham, Statler, and Washington hotels.

The program for the business sessions and the entertainment schedule follow:

Business Sessions

Savings and Mortgage Division

Statler Hotel, Presidential Ballroom—10 A.M.

Monday, September 21, 1953

Address of President Wendell T. Burns, senior vice-president, Northwestern National Bank, Minneapolis.

Address by Albert M. Cole, Administrator, Housing and Home Finance Agency, Washington, D. C.

Address by Roy L. Reiersen, vice-president, Bankers Trust Co., New York.

Albert M. Cole



Roy L. Reiersen



Earl L. Butz



Wallace F. Bennett



President W. Harold Brenton

State Bank Division

Constitution Hall—10 A.M.

Address of President B. M. Harris, president, Yellowstone Banks, Columbus and Laurel, Montana.

"America's Job in a Changing World" by Earl L. Butz, professor of agricultural economics, Purdue University, Lafayette, Indiana.

"Banking under Current Monetary Policies" by The Honorable Wallace F. Bennett, United States Senator, Salt Lake City.



General Convention Chairman
Robert C. Baker

The Supreme Court Building, one of Washington's finest, will be seen on a tour scheduled for Monday



EWING GALLOWAY

National Bank Division

Constitution Hall—2 P.M.

Monday, September 21, 1953

Address of President T. Allen Glenn, Jr., president, Peoples National Bank, Norristown, Pennsylvania.

Remarks by The Honorable Ray M. Gidney, Comptroller of the Currency, Washington, D. C.

"A Banker Looks at the Current Picture" by Casimir A. Sienkiewicz, president, Central-Penn National Bank, Philadelphia.

"I Am Glad to Be an American" by Dr. R. C. Young, professor of philosophy, University of Georgia, Atlanta.

Trust Division

Statler Hotel, Pan American Room—2 P.M.

Address of President Robert A. Wilson, senior vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia.

Greetings by William S. French, Jr., chairman, Fiduciaries Section, District of Columbia Bankers Association; trust officer and assistant secretary, American Security and Trust Co., Washington, D. C.

Address by J. L. Robertson, member, Board of Governors of the Federal Reserve System, Washington, D. C.

Agricultural Breakfast

Statler Hotel, Presidential Ballroom—8 A.M.

Tuesday, September 22, 1953

Presiding, W. W. Campbell, chairman, Agricultural Commission, president, National Bank of Eastern Arkansas, Forrest City.

Address by The Honorable Ezra Taft Benson, Secretary of Agriculture, Washington, D. C.

First General Session

Constitution Hall—9:15 A.M.

Ray M. Gidney



Casimir A. Sienkiewicz



R. C. Young



J. L. Robertson





Ezra Taft Benson



George M. Humphrey



W. Randolph Burgess



L. W. Brockington

Presentation of the Colors by U. S. Air Force Drum and Bugle Corps.

Call to Order by W. Harold Brenton, president, American Bankers Association and president, State Bank of Des Moines, Iowa.

Invocation by Reverend Frederick Brown Harris, chaplain of the United States Senate, Washington, D. C.

Address of President Brenton.

Address by The Honorable George M. Humphrey, Secretary of the Treasury, Washington, D. C.

Second General Session

Constitution Hall—9:15 A.M.

Wednesday, September 23, 1953

Call to Order by President Brenton.

Address by The Honorable L. W. Brockington, C.M.G., Q.C., Toronto, Canada.

Address by The Honorable W. Randolph Burgess, Deputy to the Secretary of the Treasury, Washington.

The Jefferson Memorial



HARRIS & EWING

September 1953

Report of Resolutions Committee; report of Nominating Committee and election of officers, and inauguration of officers.

Entertainment Schedule

Sunday, September 20, 1953

4:00 P.M. Reception by the Secretary of the Treasury and Mrs. Humphrey at The National Gallery of Art.

8:45 P.M. Symphony Concert, The National Symphony Orchestra, Howard Mitchell, conducting; Soloist—Earl Wild, pianist—Constitution Hall.

Monday, September 21, 1953

9:30 A.M. Potomac River Cruise to Mount Vernon.

9:45 A.M. Sightseeing Tour No. 1—U. S. Public Buildings.

2:00 P.M. Potomac River Cruise to Mount Vernon.

2:00 P.M. Sightseeing Tour No. 2—Monumental Washington and Arlington.

Between 9:00 A.M. Special G-Man Tours of the Federal and 4:00 P.M. Bureau of Investigation.

8:30 P.M. Showboat Cruise on Potomac River.

9:00 P.M. Tour of United States Naval Observatory.

Tuesday, September 22, 1953

9:30 A.M. Potomac River Cruise to Mount Vernon.

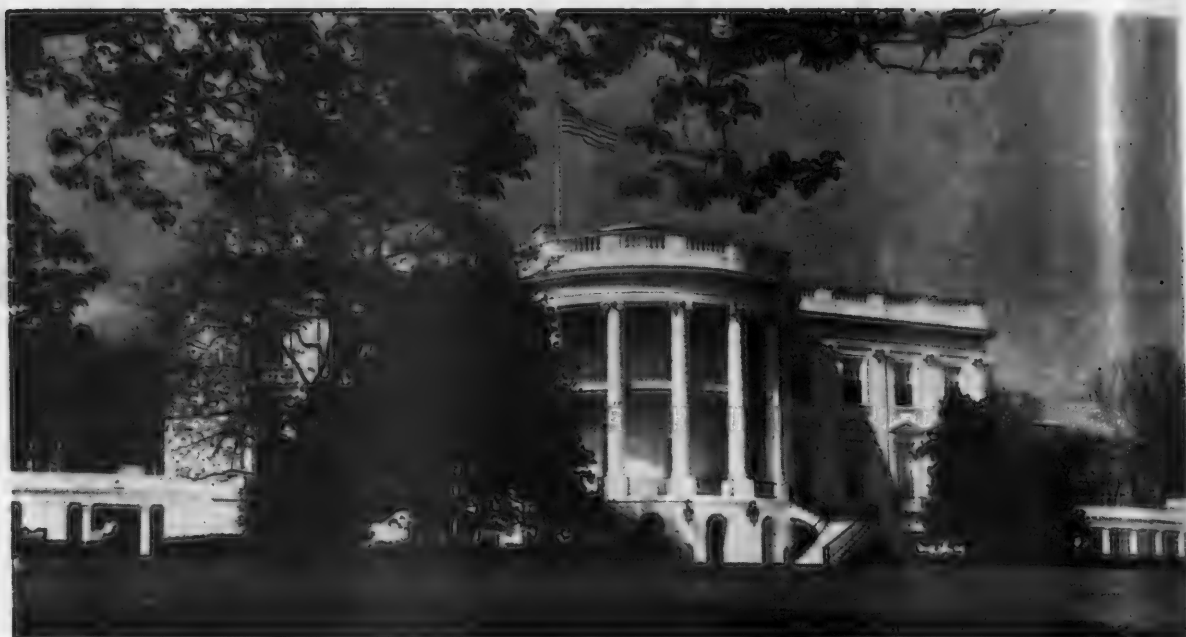
9:45 A.M. Sightseeing Tour No. 3—Washington's Residential and Embassy Sections.

2:00 P.M. Potomac River Cruise to Mount Vernon.

4:00 P.M. White House Tour for Ladies—A special tour of the Executive Mansion extended to the ladies of the convention by personal invitation of Mrs. Eisenhower. Attendance limited to those registered for the convention.

8:30 P.M. Showboat Cruise on Potomac River.

9:00 P.M. Tour of United States Naval Observatory.



The White House

HARRIS & EWING

Banking in the District

ALL banks operating in the District of Columbia are supervised by the Comptroller of the Currency, and new banks may be chartered only by that official.

Before 1933 state banks could be chartered elsewhere to operate in the District. Three of Washington's present banks are still under state charter from Virginia (Bank of Commerce and Savings, City Bank, and McLachlen Banking Corporation); one, the Security Bank, operates under West Virginia charter, while the Industrial Bank of Washington is the only commercial bank in the city chartered under the Small Business Corporation Act of the District of Columbia with the Comptroller's approval. It may be described as the DC's only "state" bank.

Trust companies of the DC operate under DC charter with the exception of the congressionally chartered National Savings and Trust Co. Prerequisites are \$1,000,000 of capital and approval of the Comptroller of the Currency.

Although the DC has a clearing house for local banks and their branches, Washington has no country clearing.

In the days when national banks

issued their own bank notes, Washington banks had important accounts of correspondent national banks. The national bank notes were issued against 2-percent consols and were secured as well by a redemption fund which each issuing bank had to carry. Since national bank notes when mutilated were sent to Washington for replacement or redemption, this was a source of business to banks in Washington. Today the business no longer exists.

Washington is one of the largest cities in the country not equipped with a branch Federal Reserve bank. This puts local banks at some disadvantage compared with banks located, for example, in Richmond or Baltimore—a disadvantage only partly compensated for by the presence in the city of the Treasurer of the United States, whose cash room facilities are available to local banks and the public. When the Federal Reserve System of banks and branches was laid out, Washington was a small, sleepy city. It has grown tremendously in the last two decades.

When a Washington bank wants to get bank notes, the matter is easily arranged. A telegram through the Federal Reserve Board's tele-

type room to Richmond results in Richmond transferring funds from the member bank's account to that of the Treasurer of the United States for payment to the member. The latter then picks up the cash it wants at the Treasury's cash room in the Treasury Building. The whole operation is handled the same day, if started early enough. On the other hand, if a local bank takes cash to the Treasury for credit to its account at the Federal Reserve Bank of Richmond, under existing practice credit usually is not given until the next day. But same day credit can be arranged for even late in the day. In a Federal Reserve bank or branch bank city a member bank gets such credit automatically the same day. In such a city also a bank may keep its currency overnight at the "Fed," as is reportedly done by some banks which prefer not to hold vault cash overnight. The practice also may result in the "Fed" providing the member with a sorting service free of charge.

Where there is a Federal Reserve bank or branch, a member bank has certain advantages as to Government securities not possessed by Washington, DC banks. For instance, member banks may deposit their Government securities with their "Fed" for safekeeping. Washington banks have to send securities

to Richmond for this purpose; or, when buying securities, have them delivered to the Richmond "Fed" for their account. Where this fact puts the Washington banks at a disadvantage compared with banks in, say, Richmond or Baltimore is if they want to turn into Federal funds securities held in their own vaults: they lose a day.

In discounting paper with the Federal Reserve Bank there is also a delay for Washington banks.

On the other hand, if a Washington bank has checks drawn on the Treasurer of the U. S. and payable in Washington, it can get cash or Reserve bank credit for them by taking the checks to the Treasury cash room. Cash or credit can be obtained as soon as the signature on the checks and the balance in the account with the Treasurer are verified. To a certain extent, therefore, officials are justified when they say the Treasury cash room operates like a thirteenth Federal Reserve bank.

For the convenience of the public, Washington banks keep open all day Fridays. The large Government population of the city means that DC banks do more cashing of Government checks for nondepositors than in most other parts of the country. Bankers feel that the 10 cents per check which they get for this service is inadequate compensation.

In the relative absence of industry and limited commercial activity of the city, the main lending activity of DC banks is for real estate development. Several of the larger local banks have grown up on that type of business, and in at least one case the bank was formed by real estate interests.

Several local banks maintain facilities at district and nearby military establishments. The Riggs National Bank has a facility at Walter Reed Hospital; the American Security and Trust Co., has a branch in the Navy Building on Constitution Avenue, which serves Navy and other Government workers from the

neighborhood; and the Anacostia National Bank runs a facility at nearby Bolling Field. The McLachlen Banking Corporation serves the Army in Temporary Building B in southwest Washington.

In Washington's suburbs the First and Merchants National Bank of Richmond operates a facility in the Pentagon Building while the Bank of Bethesda has one at the Naval Hospital in Bethesda, Md. In the Navy annex near the Pentagon in Virginia the Arlington Trust Company of Richmond has a facility. Citizens National Bank of Alexandria has one at Gravelly Point, Virginia.

Trade and Services

To service its large population, Washington has more than 7,000 retail establishments. Numerically, the largest groups are the food stores and the eating and drinking places.

For a community which uses its residential streets as all-night parking lots it is not surprising to find that Washington had 429 gasoline service stations at the last tabulation.

There were 99 used car dealers, 78 new-and-used car dealers, and just

one boat dealer at the time. Eleven department stores are supplemented by 59 general merchandise and 101 variety establishments. There are about 35 antique stores, 33 pawn shops, 17 other second-hand stores, and only three book stores in the city.

For amusement Washingtonians may choose among 66 motion picture theatres and seven other theatres where more or less regular entertainment is available; 17 bowling alleys and 55 billiard and pool

Mt. Vernon, on the Potomac River



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Pennsylvania Avenue, looking toward the Capitol from the lawn of the Treasury, the top of whose flagpole is shadowed in the foreground. At this end of the street, on the left, are the Washington and Willard Hotels. On the right may be seen the top of the Commerce Building.

The Washington Clearing House

SINCE its organization in 1887 the Washington Clearing House Association has been meeting across the street from the Treasury building in the quarters of the National Metropolitan Bank. Of the 19 banks, 10 are active members and nine are associate members. Eight national banks and two trust companies comprise the active membership. One national bank, three trust companies and five "state"-chartered institutions comprise the other nine. It should be noted in this connection that the National Savings and Trust Company is the only non-national banking institution in the United States entitled to carry the word "National" in its name.

The Washington Clearing House facilities are used as well by 48 branch offices of 15 member institutions. All the banks and branches are represented at each clearing, either directly or through another clearing bank.

Clearings take place thrice daily in a room in the basement of the National Metropolitan Bank where the members have assigned places at two long tables. Those at 9 A.M. and 10.30 are check clearings. A third meeting at 2.15 P.M. is held to clear returned checks.

Total clearings in 1952 were \$5,246,000,000, which was within .01 of 1 percent of the 1951 total. The average daily clearing is about \$21,000,000 and the average percentage of balance to clearing is between 12 and 16 percent.

Settlement of the clearings is not made in Washington, but on the books of the Federal Reserve Bank of Richmond following a telegraphic report by the clearing house manager, George H. Bright.

parlors, two shooting galleries, 12 coin-operated amusement-device palaces, golf, riding, skating, swimming, and public athletic events.

Although it would be a beautiful city without them, Washington has 572 beauty shops and 451 barber shops. For the pedestrian 221 shoe repair shops offer their assistance. There are only half a dozen hat cleaning shops; Washingtonians tend to go about uncovered.

Among the city's 290 laundries are two which specialize in diapers. Only three costume and dress-suit rental agencies are needed to keep the social events from failing. The press-release work of non-Government residents and visitors keeps busy some 76 duplicating, addressing, photostating, stenographic, and mailing enterprises, with reported receipts of more than \$2,500,000 a year.

District of Columbia Bankers Association

IN 1901 a group of men headed by prominent financiers of that day in Washington—John Joy Edson, Charles J. Bell, Charles C. Glover, Thomas Hyde, F. C. Stevens, and others—formed the District of Columbia Bankers Association. Its object was to improve banking methods in the District, promote business, protect the welfare of its members, and foster fraternal relations in the community's banking business.

Mr. Hyde, vice-president of The Riggs National Bank, was the first president. He was succeeded in 1902 by Mr. Stevens, then president of the West End National Bank. The third president was Mr. Bell, president of the American Security & Trust Company.

The first annual convention was held in June 1919 at Deer Park,

Maryland. Maurice D. Rosenberg was then president of the association.

The association's accomplishments through the years have included organization of the Auditors' Section, Fiduciaries Section, and Safe Deposit Section. It also cooperated in establishing Washington Chapter of the American Institute of Banking.

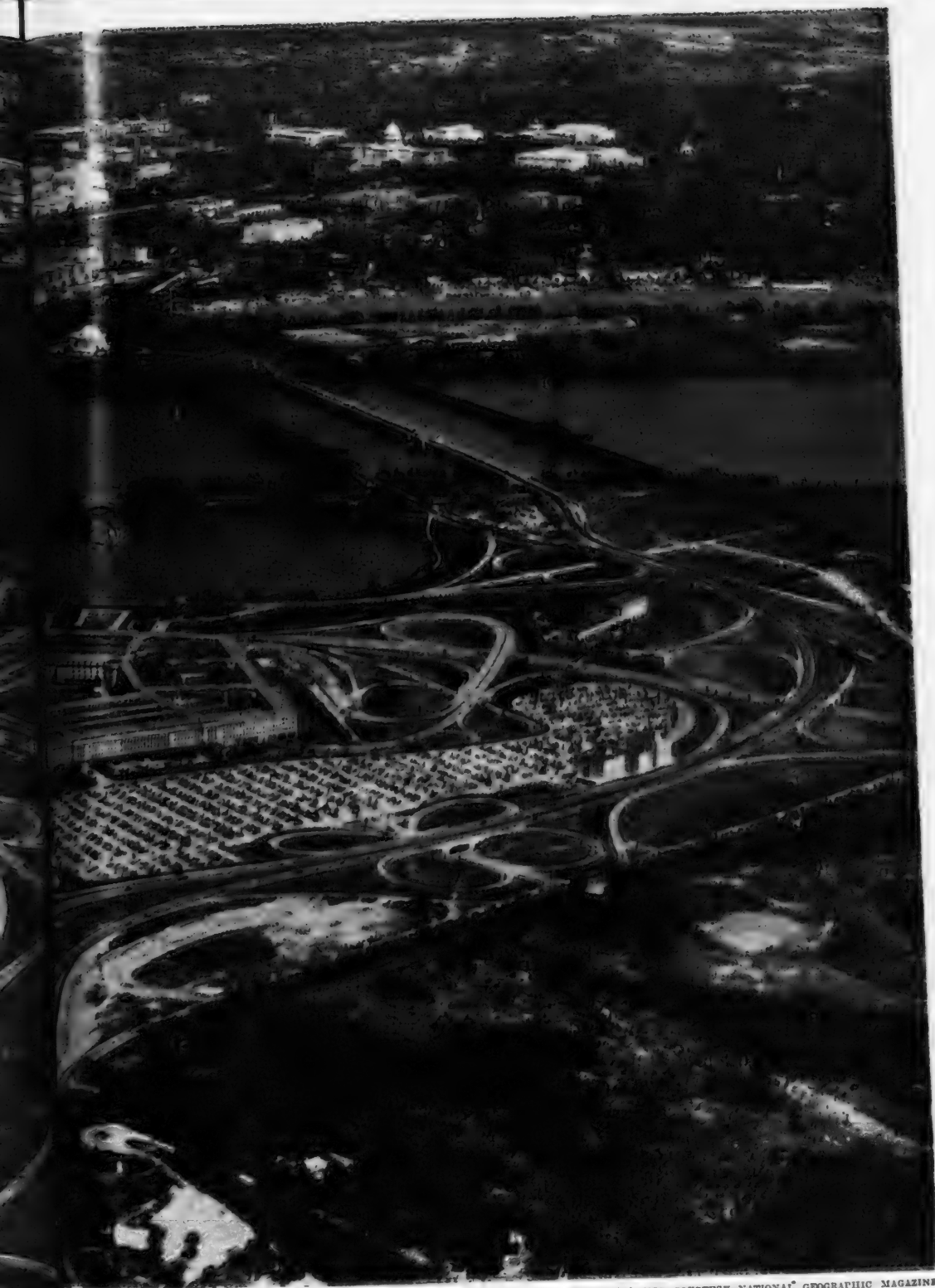
The officers for 1953-54 are: *President*, Robert C. Baker, executive vice-president, American Security & Trust Company; *first vice-president*, Francis E. Robey, vice-president, Bank of Commerce and Savings; *second vice-president*, W. Hiles Pardoe, vice-president, National Savings and Trust Company; *secretary*, Eldridge D. Kendrick; *treasurer*, Albert S. Gatley, Lincoln National Bank.



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Arlington Memorial Bridge, looking toward the Virginia shore of the Potomac, with the Lee Mansion in Arlington National Cemetery on the hillside in the distance. This is one of six bridges linking Washington, D. C., and Virginia. It carries more than 56,000 cars a day





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The Pentagon, on the Virginia side of the Potomac, is the home of the armed services. It has 30 miles of access roads and its parking lots hold 8,300 cars. Directly above, near the top of the picture, is the Capitol. The Washington Monument stands out near the top of the left hand page, while the Jefferson Memorial (right hand page) lies on the opposite shore of the river directly behind the Pentagon



The Washington National Airport's main terminal handles more than 2,500,000 passengers a year

(U.S. GOVERNMENT NATIONAL GEOGRAPHIC MAGAZINE)

The Washingtonians

THE population of Washington exceeds 800,000 while that of its metropolitan area is about 1,500,000. About 65 percent of the DC's population is white. Its median age is 32.6 years, which means that most of the people do not remember very much about the Hoover Administration. Seven out of every 100 Washingtonians are 65 or older. Barely half of the population are counted in the labor force, and of these, more than three-fourths are men.

Taking all ages together, there are only 89 males for each 100 females, although among nonwhites the proportion of males is slightly higher: 90. Despite the abundance of economists in the Government and elsewhere about town, only some 68,000 inhabitants of the DC have completed four years of college, or only 13 percent of the population.

The census lists 56 Washingtonians as engaged in forestry and

fishing—you may see some of them along the Potomac River any day—and 74 in mining. Perhaps the latter include some hardworking Congressmen who are bent on digging something out of the Treasury. Finance, insurance, and real estate combined occupy more than 4,800 persons in the District. Employed by government—Federal and District—in Washington are (1950 figures) 77,214 men and 73,647 women.

So many Washington residents have come to the city from outside points it is something of a surprise to learn that the city has natives. People come to take a temporary job in the capital and one day wake up to the fact they have settled down and don't want to move. Wealthy families who like the social life tend to stay on.

In the 1950 census 513,000 persons reported the DC as their birthplace. Of the total, only a little over half, however, still lived in the District; some 249,000 had scattered to adjacent or distant communities. Since Washington is a rapidly expanding city, much of the spillover has gone into near-by Maryland counties and Virginia, as have many capital residents who were not born in Washington. (END)

Associations

BUSINESS, industrial, and other groups in many cases maintain their own "embassies" in Washington. Altogether there are some 1,200 associations of various kinds with offices in Washington, according to a Commerce Department tabulation. Three hundred of these are local area associations and 900 are national trade, professional, farm, labor, and research groups. In the trade field about 250 national associations maintain their headquarters in Washington. Many of the latter are large organizations, some of which own their own buildings in the capital.

The most prominent trade association building is that of the Chamber of Commerce of the United States, across the park from the White House. In number of employees the largest Washington trade association is the Association of American Railroads. Others with

100 or more employees apiece represent the air transport, trucking, motion picture, and canning industries. At least 70 trade associations headquartered in Washington have 10 or more employees. Some which own their own buildings here are the American Trucking Association, the National Canners Association, the National Paint, Varnish and Lacquer Association.

Others among the 250 associations domiciled in the capital deal with such subjects as aluminum extrusion, gem and mineral supplies, airfreight, tobacco, facing tile, metal finishing, fire apparatus, lawn mowers, ice cream mix, parking, candy, coal, preserves, consumer credit, retail trade, peanut butter, general contracting, automobile retailing, silverware, chinaware and fibre boxes.

Every trade association issues some form of bulletin, newsletter,

or magazine. Some of these, emanating from Washington, have wide circulation.

Washington has so many trade associations that there is a special association for them: the American Trade Association Executives, with a membership of 1,300 and chapters in the larger cities. It issues a monthly news bulletin and a quarterly journal.

The Press

HUNDREDS of correspondents representing papers all over the world are in the capital's press corps. Most of them belong to the House and Senate press, radio, and periodical press galleries. Many also belong to the White House Correspondents Association or to smaller groups. About 100 women are accredited to the Capitol Hill press galleries where some three dozen foreign publications are represented. Special telegraph facilities in both wings of the Capitol handle an average of about 14,000 words of press copy a day.

Because of the large circulation of national magazines and trade papers it is claimed that the Periodical Press Gallery members reach more readers than the more numerous daily press corps covering the Congress. The aggregate circulation represented by the members of this gallery is said to exceed 160,000,000.

Influential is the National Press Club which has more than 900 resident active correspondents and other writers in its 4,456 membership. Some of its special luncheons which are addressed by local and visiting officials and others—there were 25 such luncheons last year—make front page news. This year's speakers have included German Chancellor Adenauer, British Foreign Minister Eden, Chancellor of the Exchequer Butler, French Premier Mayer, Field Marshal Lord Montgomery, and Belgian Foreign Minister Van Zeeland.

The *Washington Post*, with a daily A.M. circulation exceeding 200,000, was launched in 1877 and by 1900 was internationally famous. It was acquired in 1933 by Eugene Meyer, former Governor of the Federal Reserve. (CONTINUED ON PAGE 194)



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SODOMA (1477-1549), Italian — *St. George and the Dragon*. From the Samuel H. Kress Collection of the National Gallery of Art, Washington, D. C.

HISPANO - FLEMISH MASTER (late 15th Century) —
The Marriage at Cana. From
the Samuel H. Kress Collec-
tion of the National Gallery
of Art, Washington, D. C.



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On the occasion of a joint session, as shown above, where Prime Minister Churchill was the nation's guest, members of both Houses, the Cabinet, the Supreme Court and other high Government officials gather in the House



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chamber. Reporters occupy three tiers of desks in the balcony over the rostrum. In the picture shown above, taken on January 17, 1952, the British Prime Minister said: "I have come here to ask not for gold but for steel"

September 1953

(CONTINUED FROM PAGE 189)

serve Board, and now has a controlling interest in the CBS's Washington broadcasting and TV stations. Since 1950 it has been housed in its own new 7-story office building on L Street, just behind the Statler Hotel.

The *Times-Herald*, whose several editions come out around the clock, has a circulation of 267,000. It originated in 1894 as a result of the panic of the preceding year. The new linotype machine had thrown many printers out of work. Frank Lerch, a typesetter, launched a one-man fund-raising campaign and with the \$1,700 thus accumulated, issued Vol. I No. 1 of the *Washington Times*, a four-page paper. Subsequent owners included C. C. Conn, Indiana musical instrument manufacturer and Congressman; Stilson Hutchins, a veteran publisher; Frank Munsey, New York publisher; and Arthur Brisbane, chief editorial writer of the Hearst Publications.

Meanwhile, a group of local merchants started the *Washington Herald* as a morning paper in 1906. The *Herald* was acquired in 1914 by

Clinton C. Brainard, of Harper Brothers and the McClure Syndicate. In 1920 Herbert Hoover bought it, and W. R. Hearst, who had acquired the *Times* from Arthur Brisbane in 1918, purchased the *Herald* from Mr. Hoover and ran the two papers as competitive entities. Mrs. Eleanor Patterson became editor in 1930, leased the two papers in 1937, and bought and merged them in 1939. She willed the *Times-Herald* to seven employees, who became its owners upon her death in 1948. In 1949 they sold the paper to Col. Robert R. McCormick of Chicago.

The mid-day *Washington Daily News*, published by the Scripps-Howard Newspapers, is popular with Government workers, perhaps because, as Washington's only tabloid, it is not too conspicuous on an office desk. Politically independent, the paper supported Eisenhower in 1952. The *News* was launched in 1921. Although tabloid in format the paper avoids a sensational presentation of the news. Latterly newspapers in other cities have emulated the *WDN's* format and news treatment. (END)

Libraries

ITS library resources make Washington a world treasure house of knowledge. The Library of Congress, with its millions of books, maps, charts, photographs, manuscripts, musical, and other items, is the largest and best-equipped such institution in the world. Merely to read the daily accretions would require a corps of people. In addition the Senate and House of Representatives have separate, smaller libraries of their own. Also on Capitol Hill are the libraries of the Supreme Court and the Folger Shakespeare Library housed in its own building.

It would be hard to think of a Government department or agency without its own specialized library or libraries. Special mention should be made of those of the National Archives, the Treasury, the State Department, the Commerce Department, the Federal Reserve Board, the Government Printing Office, the Patent Office, the Smithsonian Institution, the Interior Depart-

ment, the Federal Trade Commission, the National Academy of Sciences, and the Army's dozen collections, including the War College and Medical libraries.

The World Bank and Fund have a joint library; the Pan American Union a valuable collection in its field. Each of Washington's many colleges and universities has its libraries. The researcher also has at his disposal such collections as those of the Brookings Institution, the Chamber of Commerce, the Carnegie Institution, the D.A.R., the Scottish Rite Temple, the National Geographic Society, the Bar Association of the District of Columbia, the various art galleries, the collection on Anglo-American relations at the British Embassy, the National Library for the Blind, and, of course, the various branches of the Public Library of the District of Columbia.

A Library of Congress publication is devoted exclusively to listing and briefly identifying the li-

brary and reference facilities in the area of the District of Columbia. The volume fills 153 mimeographed pages. Whether you are interested in coinage, church history or civic planning; Hebrew, hydraulics or ichthyology; medieval music, optics, fiscal policy, banking law or insurance, this guide will tell you in an instant where to go with your notebook. If not, one or another of the 2,300 employees of the Library of Congress can get you started.

Science and Research

THE capital is rich in scientific and research organizations. Next door to the Federal Reserve Board, which itself is an important research institution influencing the nation's banking system and the whole economy, stands the marble headquarters of the National Academy of Sciences and National Research Council. Since 1863 the Academy has been advising the Government on scientific matters.

Brookings Institution on Jackson Place, in front of the White House, has been concentrating on economic and governmental questions since first privately endowed in 1916.

The Carnegie Institution of Washington, whose main building is at 16th and P Streets, N.W., does research in history, geophysics and terrestrial magnetism in Washington and maintains research units elsewhere.

The National Geographic Society is a storehouse of world information, possessing a valuable library and publishing one of the most widely read American magazines. Its monthly circulates all over the world. Its expeditions have ranged from pole to pole.

A shrinelike marble edifice houses the American Institute of Pharmacy on Constitution Avenue, near the Lincoln Memorial, with which the building harmonizes. The building had originally been designed to house the log cabin in which the Great Emancipator was born at Hodgenville, Kentucky.

The Government itself employs
(CONTINUED ON PAGE 197)



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The British surrender at Yorktown in 1781 was depicted by the Revolutionary artist, John Trumbull (1756-1843). This painting in the Capitol shows Lord Cornwallis' red-coated deputy (Cornwallis pleaded illness) capitulating to Washington's deputy, General Lincoln. General Washington sits on his charger at the right



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(CONTINUED FROM PAGE 194)

scientists on a vast scale, far beyond the dreams of the founding fathers who envisaged the capital as a disseminator of information. The Smithsonian Institution, centering around its museum, is a training center for scientists, especially in the biological and ethnological fields. Close by stands the Depart-

In the President's Room, in the Capitol, is the mahogany table on which Chief Executives since Abraham Lincoln have signed bills. The floor mosaic is made of Minton tile from England. The ceiling paintings (two of which, *Americus Vespucius* and *Religion*, can be seen in our photograph) were done by the artist Brumidi

ment of Agriculture, whose numerous bureaus and field establishments probe into such fields as agricultural and industrial chemistry, animal industry and dairying, entomology and plant quarantine, human nutrition and home economics, plant industry, soils and agricultural engineering, forestry, commodity marketing, soil conservation, agricultural finance, agricultural economics, rural electrification, farm homes, and various others. The department is a prolific publisher. Its three-pound book on insects, for example, tells you all you will ever want to know on the subject.

Chief of the Commerce Department's research branches is the National Bureau of Standards. Its Patent Office is one of the oldest

A Memorial Day service is held in the marble amphitheatre at Arlington National Cemetery. Here the visitor will see the Tomb of the Unknown Soldier

Government scientific agencies. Research is a major preoccupation of the department's offices of business economics, distribution, industry and commerce, technical services, industry evaluation, and international trade. Other branches of the Commerce Department include the Census Bureau, Weather Bureau, Civil Aeronautics Administration, Bureau of Public Roads and Federal Maritime Board — all with research functions.

Scientific activities of the Interior
(CONTINUED ON PAGE 200)





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Visitors in the Capitol's rotunda see (left) W. H. Powell's painting of De Soto's discovery of the Mississippi and (right) J. G. Chapman's painting of Pocohontas' baptism

(CONTINUED FROM PAGE 197)

Department range over such subjects as mining and minerals exploration, land reclamation and management, power, fisheries, geographic names, wildlife, territorial questions, defense power, Indian affairs, and geological surveys.

Labor and prices are the constant study of the Department of Labor. Other Government scientific and research bodies include the United States Atomic Energy Commission, Civil Aeronautics Board, Naval Observatory, Federal Communications Commission, Federal Power Commission, Federal Security Agency with its Food and Drug Administration, Office of Education, Office of Vocational Rehabilitation, Public Health Service, Interdepartmental Committee on Scientific Research and Development, National Advisory Committee for Aeronautics, National Science Foundation, TVA, etc.

Indicative of Washington's scientific place in the world is the fact that the United Kingdom, Australia, Canada, New Zealand, and South Africa maintain separate scientific missions or liaison offices in the capital as well as quarters for the Commonwealth Agricultural Bureaux (sic).

Reference Service

Congressmen and many others get special service from the Library of Congress' Legislative Reference Service, which has a staff of about 165, grouped under such headings as government, foreign affairs, economics, history, and American law.

The experts give members of the Congress individual service on any subject that may interest the legislators, ranging from the pros and cons of bimetallism or the preparation of a bibliography on the labor movement in Sweden to composing a personal birthday greeting in verse.

For a Congressman the service will search newspapers, the *Congressional Record* or the Library's

stacks for a piece of specific information; its experts will consult personally with a Congressman or Senator, at the Library or at his office; will analyze and evaluate material supplied by him; and will even supply information for one of his constituents, especially when the latter lacks research facilities in his locality.

The National Geographic Society

THE National Geographic Society is one of the country's leading publishers. In 1899 when Alexander Graham Bell invited Gilbert Grosvenor to edit the *National Geographic Magazine*, the entire monthly edition of less than 1,000 copies could be carried to the post office on one man's back. Today a single issue of the *Geographic* would form a pile more than 10 miles high or 96 piles each as high as the Washington Monument. It would take 330 men to carry the ink alone needed to print the month's 2,150,000 copies.

NGS membership is spread all over the world, among the humble and the mighty. Included are the President and former Presidents of the U. S.; the Prime Minister and former PMs of the UK and Commonwealth countries. Crowned

heads of European and Asiatic countries and high officials of nearly every country are on the rolls. Members of the society live in some of the oddest places. Mozambique has 400 and there are 164 on the distant island, Mauritius. Every month one copy of the *Geographic* leaves Washington by delivery truck and train to travel by ocean liner, river sampan, coolie courier and, finally, camel and yak caravan to reach its reader in Lhasa, Tibet. Other copies find their monthly ways to a gold-bedecked palace in India, a tea plantation in Malaya, and a settlement among wild rubber trees in the Brazilian jungle of the Amazon.

Government departments use maps prepared by the NGS by the tens of thousands. During World War II more than 1,000,000 NGS maps were used by the armed forces. Foreign embassies are regular customers of the stone building on 16th Street. NGS not only prints maps; it helps discover what to put on them. Its exploration flag went with Byrd and Peary to the poles, with Bingham to Machu Pichu and with Beebe in his bathysphere; and with Haardt across the heart of unexplored Asia.

Over the years the *Geographic* has carried many articles on gold, silver, and money. In 1951 it told about The Chase National Bank's numismatic collection. The same year it described the Bureau of Standard's tests for paper money. A 1927 article ranged over "the geography of money."



HARRIS & EWING

The Library of Congress

The Washington Office

A **C**ORDIAL welcome awaits you at the Washington office of the American Bankers Association, 719 15th Street, N.W.

This office, headed by General Counsel J. O. Brott, serves as a clearing house of information between organized banking, represented by the A.B.A., and the organized public, represented by the Government. It studies the congressional bills in which banks are interested, and tells the banks about them. It keeps the Association's Committee on Federal Legislation and the subcommittees informed on developments so that bankers may be available to testify on certain measures on which the Association may wish to make its views known to congressional committees.

The staff discusses banking problems with numerous Government departments and agencies. It also provides the A.B.A. member banks with information on the activities of the departments and agencies.

On this page are pictures of the Washington office at work.



The Washington office legal staff, *l. to r.*, Legal Assistant Charles T. O'Neill, Jr.; General Counsel J. O. Brott; and Assistant General Counsel James Saxon



H. Earl Cook, *right*, chairman of the Federal Deposit Insurance Corporation, has a conference with General Counsel Brott on FDIC assessment matters



The Comptroller of the Currency, Ray M. Gidney, *right*, discusses national bank problems with Carroll A. Gunderson, *left*, A.B.A. National Bank Division secretary, and T. Allen Glenn, Jr., Division president

The secretarial staff, *l. to r.*: Mary Ellen Markham, Thelma Boes (assistant secretary, Committee on Federal Legislation), and Mary Lou Erickson



Washington Convention Almanac 1905-1920-1934

THE American Bankers Association's first Washington convention (No. 31) was in 1905. When President E. F. Swinney called the opening session to order in the New National Theatre, there were welcomes by several dignitaries, one of whom was Henry B. F. Macfarland, president of the Board of Commissioners of the District of Columbia. He told the delegates: "Your indispensable and honorable service to our country through its financial and commercial interests, entitles you to the hospitality of its political centre." And further, "Our Rock Creek Park and our Corcoran Gallery of Art are but two of the visible proofs of the civic service of Washington bankers."

The convention adopted a resolution favoring measures to "foster and encourage the upbuilding of our merchant marine, and give us back the prestige upon the high seas that we once enjoyed." And the Association extended its thanks to President Theodore Roosevelt for his efforts in securing peace with Russia and Japan.

The 1905 convention scored a notable "first"—it was the first time an A.B.A. annual meeting had been host to a representative of foreign banking. The visitor was Robert Blyth, general manager of the Union Bank of Scotland, who addressed the bankers on "The Scotch System of Banking."

The big topics for discussion in 1905 were currency reform and the month-old peace treaty signed in the U. S. Navy Yard at Portsmouth, New Hampshire, which had brought an end to the Russo-Japanese War.

The convention elected as new president John M. Hamilton, vice-president of Hamilton & Cunningham, Hoopston, Illinois.

WASHINGTON was host a second time when the 46th annual convention met there in mid-October of 1920. Over 4,000 delegates and guests attended. In that year there were 32,336 banks in the country, and A.B.A. membership reached 22,441, or 69 percent.

This convention expressed approval of the Federal Reserve System "during the period of inflation and strain incident to and following the World War." It favored immediate repeal of the excise profits tax and called attention to the necessity for "an intelligently devised budget system for the businesslike administration of Government business."

Mrs. William Laimbeer had the distinction of being the first woman to address an A.B.A. convention. She spoke on "The Women's Department in a Trust Company." It was particularly appropriate in 1920 to have a woman speaker, for less than two months earlier the 19th Amendment giving suffrage to women was proclaimed in effect. This was the year also that the League of Nations convened for the first time at Geneva, Switzerland; the year of the murders that started the Sacco-Vanzetti case; and the big bomb explosion in New York's Wall Street.

Outgoing president of the A.B.A. was Richard S. Hawes, vice-president of the First National Bank, St. Louis. The convention elected as president John S. Drum, president of Mercantile Trust Company, San Francisco.

THE A.B.A. convention's third visit to Washington was in 1934. There were addresses by President Franklin D. Roosevelt; Jesse H. Jones, chairman of RFC; J. F. T. O'Connor, Comptroller of the Currency; Leo T. Crowley, chairman of the board of directors of FDIC; and Roger Steffan, Director of Modernization Credits, FHA.

The convention went on record as favoring a balanced national budget "at the earliest possible date" which, among other benefits, would "give rise to an expansion of industry and trade."

A momentous year was 1934. Here are a few things that had happened prior to convention time: Bank robber John Dillinger was captured; Germany signed a nonaggression pact with Poland; Albert I, King of the Belgians, was killed in a fall while mountain climbing; Congress granted independence to the Philippines, effective 1945; Storm Troopers killed several famous German generals in suppressing an alleged conspiracy against Hitler; Austrian Chancellor Dollfuss was shot; von Hindenburg died; Benito Mussolini announced conclusion of the war with Ethiopia and proclaimed King Victor Emmanuel Emperor of Ethiopia.

The retiring A.B.A. president was Francis Marion Law, then president (and now chairman) of the First National Bank, Houston, Texas. The convention elected as president, Rudolf S. Hecht, then chairman of the board of Hibernia National Bank, New Orleans.

This scene in front of the Woodward and Lothrop department store was taken not too long before the A.B.A.'s Washington convention of 1920. It's at the corner of 10th and F Streets



HARRIS & EWING



problem in footage?

Long on expansion? Short on office space? Something's
got to give. Here's one solution...install Monroes.

These convenient, space-saving bookkeeping machines
make every square foot of office floor work harder.

They're so fast, so versatile, so efficient too. They're
bound to boost your figure production.

Your Monroe representative will gladly show you
why Monroes are aces for small spaces.

Call him now.



MONROE

MACHINES FOR BUSINESS

MONROE CALCULATING MACHINE COMPANY — GENERAL OFFICES, ORANGE, N. J.
Branches for Sales and Service Everywhere

Monroe Bank Bookkeeping Machine

Handles bank's most vital bookkeeping jobs—commercial and savings posting. Easy-to-operate "Velvet Touch" keyboard. Complete visibility. Direct subtraction and automatic totals in all registers. Front insertion carriage, exact printing alignment. Quick program changes.



HOLES IN AN IBM CARD

*..here's what they can
mean to you!*

★ Improved management control (you know more than you would under other methods—and you know it sooner)

★ More economical operation (machines do better and faster the routine work that people like to do least)

★ Better accounting records (you have complete, automatically verified records exactly fitted to your operations)

Many banks are getting these results from IBM punched card accounting. Have you thought what the same results would mean for *your* bank?

IBM
TRADE MARK

INTERNATIONAL BUSINESS MACHINES
590 Madison Avenue, New York 22, N. Y.

EXHIBIT-IN-PRINT

JOHN J. McCANN

ONE OF THE big sidelight attractions of an A.B.A. convention will be absent in Washington. BANKING has been obliged to cancel the staging of its regular Educational Displays because the required exhibit space, convenient for delegate attendance, is not available in the Capital City during the convention period.

King Richard III's desperate offer for a "horse" is just about as hard to fulfill as our need for an extra ballroom. But for the want of a few thousand square feet of floor space (we said to ourselves), we're not going to disappoint completely the thousands of delegates who annually visit our Displays. There were too many new ideas, new equipment models, and great time- and money-saving developments planned for announcement or unveiling at our canceled show, to pass up any method of breaking the news.

Many of the companies serving the bank market will have representatives attending the convention for the purpose of visiting with delegates who may want to discuss business problems. Many of these firms have branch offices or dealerships in the city where the latching string will be out with a cordial invitation to drop in and get acquainted. While these contacts will be helpful to some delegates, we decided to take a pencil and go on a tour of the factories and showrooms of firms generally represented in our Displays, and round up all the news in a notebook.

So without the fanfare and props and buzzing of machines and people which set the usual pace, let's take you on the rounds in this Exhibit-in-Print. We'll call on each company in alphabetical order, and discuss the new developments reported to us:

At ABBOTT COIN COUNTER COMPANY of New York, your reporter

watched machines demonstrate new technical improvements which speed up coin counting and package operations. A new addition to the line—the Model G Coin Counting and Packaging machine—is fast and simple to operate. The company has recently issued a new catalog describing its complete line of trays, racks, boxes and wrappers—in fact, everything to facilitate the handling of money.

The AMERICAN PERFORATOR COMPANY of Chicago emphasizes its restyled Model 71 Deluxe soundproof heavy-duty perforator. The new model is trim and functional, finished in grey hammerloid. This unit will accept up to 35 checks at a time. Banks handling a large volume of checks have found advantages in the heavy-duty flywheel perforators which give greater capacity and low service maintenance.

AMERICAN PHOTOCOPY EQUIPMENT Co. of Chicago, manufacturer of the Apeco Systematic Auto-Stat office photocopy machine, takes us through a demonstration of a revolutionary new process for making photocopies

"What? A banker threw a silver dollar across the Potomac?"



in any color. This opens many new applications in office system work to increase the efficiency of paper handling.

The unit is designed to handle letter and legal size copies as well as larger copies up to 10 inches wide, in any length. There is no limitation as to type of paper, documents, or originals that can be copied regardless of whether the original is printed on one or both sides or on opaque or translucent paper. Copies can be made in any color regardless of the color of the original. An inexperienced operator can produce a minimum of 100 copies per hour.

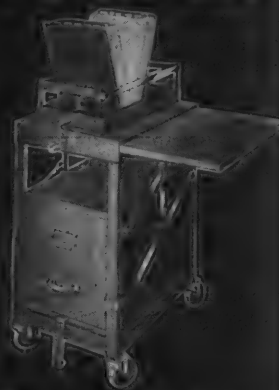
We took our query, "What's new in bank architectural trends?" to BANK BUILDING AND EQUIPMENT CORPORATION of St. Louis. Out came a huge collection of full-color three-dimensional slides representing the hundreds of new and remodeled banks completed by this company. With a simple viewing device, interiors come to life in all natural colors. This package of slides is as good as a personal tour of buildings designed to attract and invite the public, and planned for peak employee efficiency and comfort. The slides are available without obligation for examination by any banker. Just contact the St. Louis headquarters, or any branch office in New York, Atlanta, San Francisco, or Mexico City.

We were greeted with a "What's new, you ask?" at BANKERS DEVELOPMENT CORPORATION of New York. Item No. One: The recent name change! The company is no longer BDC, but the THRIFTICHECK SERVICE CORPORATION, operated by the same principals.

They point out that special checking is spreading to an ever-widening field, and their broadened program of service will now reach smaller banks than heretofore—banks with a potential of 500 accounts. Thrifticheck has styled three models of check im printers for large, medium, and small banks which range from the completely automatic power-operated units for banks with heavy volume to semi-automatic and manually operated equipment.

Our notebook says: The latest thing in savings banks, the new

LeFebure M-K ADJUSTO TRAY-BINDERS and Hi-Lo STANDS



LeFebure SORTERS

SAVE TIME
SAVE WORK
SAVE SPACE



STEEL BANK and OFFICE UNITS

to fit your needs and space.

Tray housing, counter units, teller units, accounting machine desks, savings tabs, money buses, double capacity files and cycle billing equipment insulated if required.

TRAINED REPRESENTATIVES
IN MOST PRINCIPAL CITIES



Complete Line of Tray-Binders, Stands, Record Handling and Housing Equipment.

LeFebure
CORPORATION
CEDAR RAPIDS, IOWA

"money tree bank," manufactured by BANTHRICO INDUSTRIES, INC., of Chicago is an idea evolved from a ming tree decorated with pennies which was sent to the Mercantile National Bank of Dallas some years ago. This metal planter-savings-bank stands eight inches high and has, on the upper surface of the base, a slot for coins and a well at one end for growing plants or for use as an ash tray. The lock is on the bottom. The "fruits" are seven bright new pennies attached to the branches.

The CHARLES BRUNING COMPANY, INC., of Chicago offers the new Model 15 Copyflex machine, especially suitable for banks because of its extra high speed, its cleanliness, and its simplicity of operation. The machine has a 20-inch width, and in seconds can make direct positive diazotype copies of any size office form from a large accounting sheet down to a small memo. Because it can copy letters or ordinary-sized business communications two at a time, the machine can turn out many thousands of varying-sized copies daily and achieves a terrific volume.

The copying cost is extraordinarily low—approximately two cents per square foot for all charges, including machine depreciation and operators salary. The machine requires no installation, merely an electrical connection. Units are available for either 230 or 115 volt AC, 60 cycle current. A new set of booklets describing the work of these units can be obtained through the company.

At BURROUGHS CORPORATION, Detroit, we are introduced to a number of new applications and improved methods devised for various models of the Sensimatic Accounting Machine. In commercial bookkeeping, a newly developed Account Balance Control Plan provides for proving account balances *before* they are printed on the statement. With this, proving becomes an integral part of posting and eliminates unproductive balancing time. For instalment loan accounting, a coupon ledger plan provides a new and improved coupon book which is produced as a by-product of scheduling ledgers. A fast, simple method of handling payments is another highlight. A new method for the cycle billing of

instalment loan payments offers rapid posting of new loans and payments, automatic computation and printing of past due or prepaid balances where applicable, automatic preparation of collection notices on past due accounts, and control of late charge assessments. Trial balances are an automatic by-product of the posting operation.

The Microfilm Acro-Feeder announced last spring has proved that it will rapidly microfilm mixed-sized media with maximum feeding efficiency. An endorser which is available with a recorder will endorse or face-cancel during microfilming.

Other new contributions made by Burroughs include the Multiple-Total Adding-Subtracting Machine which has applications in every department of a bank.

Imprinted paper napkins have recently come into prominence as a smart new aid to bank public relations programs. The number of banks using them throughout the country is now in the thousands and growing rapidly, according to CASCADE PAPER COMPANY of North Adams, Massachusetts, where the napkins originate. They are imprinted in color with the bank's name, slogan, or other advertising message and illustration.

One occasion for which imprinted napkins are being widely used is in commemoration of an anniversary year. Usually, the napkins show a picture of the bank or its seal. For anniversaries, they can be imprinted with gold or silver colors in addition to the standard red, green, blue, or brown.

CHRISTMAS CLUB, A Corporation, New York, reports that many banks throughout the United States are showing new interest in Vacation Club. The recent trend in union contracts toward paid vacations appears to have sparked a demand by banking customers and prospects for this convenient method of budgeted saving for vacation and other summer needs. Vacation Club operates in the same manner as Christmas Club, with the official opening date of June 1.

Checking in on the AIRTEMP DIVISION of CHRYSLER CORPORATION, Dayton, we get some good news on a new wrinkle in air-conditioning equipment for banks. It is an air-

cooled air conditioner; and another model has packaged water-cooled units, with the addition of an Airtemp "water saver" recirculator.

A recent survey shows that 225 communities have passed some type of ordinance restricting the unlimited use of water in hot weather, when air conditioning is needed most. The Chrysler system is an economical and efficient method of using outside air, instead of city water, to cool the refrigerant.

At CUMMINS-CHICAGO CORPORATION, your reporter had a look at the jet speed of the new Cummins 270 endorser. This compact unit automatically endorses, dates, and stacks in sequence (and counts, too, if you want) up to 27,000 checks per hour. An operator simply places checks in the hopper, flicks the switch to "go," and the job is done. The perfect sequence stacking permits quick, easy rechecking. The endorsement date is quickly changed with "easy dial" date bands. The unit is equipped with wear-resistant printing plates, made of resilient parabutene — more durable than steel. Clips, pins, and staples roll through the machine without damage to the dies. Its magic-flor inkwell will endorse a million checks without refilling. And the demonstrator tells you—look, no levers, bars, or handles to push, pull, or punch.

At CURTIS 1000, INC., Hartford, Connecticut, our discussion turns to the values of account verification by mail, the safeguard it provides for bank records, and the opportunities it provides for customer contact to create confidence and goodwill. This company has been working closely with banks to develop efficient ways of handling verification of accounts by mail. Combination envelopes have been designed to perform this function at a minimum cost. The Curtisee Mailer combines an outgoing envelope, a short message and verification form, and a return envelope in one complete unit. The item is delivered folded and sealed; the bank merely does the addressing. The form filed by the depositor verifies amount, address, and signature, and is returned in the postage-free envelope that is attached. The Curtis Direct-Mail Combine-Velope is a four-unit mailer featuring a window-face on the out-

*You'll
want
to meet
the
newcomers
in this
room*

TODD



In our room at the Hotel Statler from September 20 to 23 are two new arrivals in the Todd family.

You'll want to meet them both.

Come see the new Todd DISBURSER—the machine that dates, protects and signs checks in one simple operation. It's the only machine of its kind in the bank or office equipment field. It does the work of three machines and does it better.

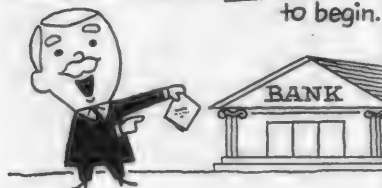
Sharing quarters with the DISBURSER is the improved IMPRINTER with the new Automatic Feed attachment. With this attachment any clerk can imprint checks four times faster than ever—at the rate of 250 checks a minute.

Hope to see you in our room during the Convention. They'll give you the room number at the registration desk.



Todd
ROCHESTER NEW YORK
SALES OFFICES IN PRINCIPAL CITIES
DISTRIBUTORS THROUGHOUT THE WORLD

A bank with community spirit
 Gives napkins that strongly endear it
 To the groups whose good will
 it would win.
 Your name on each napkin impresses
 All members as dinner progresses;
 Now's the time for your bank
 to begin.



Cascade Bank Imprint Napkins help you build community good will, create new business, keep old business. Give name-imprinted, conveniently wrapped napkins to local churches, lodges, institutions, schools, and civic organizations, especially during your anniversary year.



Write for samples

In Akron, Ohio, the First National Bank said its original order of 30,000 napkins quickly "evaporated," immediately re-ordered 50,000.

Two Sizes Available

| | 30,000 | 50,000 | 100,000 |
|----------------------|----------|----------|----------|
| 13" x 13½" | \$131.00 | \$199.00 | \$365.00 |
| Luncheon napkins | | | |
| 17" x 17" | \$190.00 | \$299.50 | \$575.00 |
| Large dinner napkins | | | |

Conveniently wrapped in packages of 250, packed 10,000 napkins per case. Minimum order—3 cases.

Imprinting in blue, red, green, or brown. Art work and plates made up from your rough sketch, letterhead, and advertising message, for which there is a slight charge on original orders only. All art work will be submitted for your approval before printing.

Free with Each Order: Mailing cards, imprinted with your bank name, offering napkins to organizations in your community. Proved successful by hundreds of banks.

Cascade Paper Company

205 Grimes Street

North Adams Massachusetts

going envelope, showing the depositor's name and address on the inside form, which permits fast identification when the form is returned to the bank. The Identi-Post mailer is another item for use when more space is required. All these units take low third-class or first-class postage rates.

DE LUXE CHECK PRINTERS, INC., Chicago, continues to emphasize in its merchandising program the importance of checks bearing the printed name of the individual or the corporation. One of the more recent developments concerns the addition of a printed sorting symbol on checks, which enables bankers to make their initial sorts more quickly and more accurately.

De Luxe continues to feel that banks should sell imprinted checks rather than provide them free, and as a result has slanted its own merchandising program towards encouraging bankers to use advertising and small free-trial packages to sell their customers on the idea of paying for their imprinted checks.

We catch a news scoop from DIEBOLD, INCORPORATED, Canton, with this announcement of a completely new After-Hour Depository. The two new models are finished in gleaming, permanent stainless steel of modern design featuring one-handed opening, positive fishproof protection, and many other advancements.

The key lock is located in the handle of the door. The handle is positioned so that the palm of the hand is turned upward during the opening and closing cycle. A signal "bull's eye" light, located in the handle, indicates when a deposit has passed into the chest. Its antifishing trap is arranged so that no device known can be passed into the storage chest through the depository head. There is never direct access between the depository and the chest. The new line is available with or without a letter drop.

DOUGLAS-GUARDIAN WAREHOUSE CORPORATION, New Orleans, reports bank loans on field warehouse receipts are currently far in excess of those at any time in the past. The company has successfully warehoused more than 500 different types of products embracing everything from goose feathers to artificial fireplaces. The big trend is now set by

large manufacturers of appliances using D-G facilities to safeguard shipments to distributors. This sets up a three-point advantage: Assurance of retention of title and deliveries to dealers upon payment; adequate nearby stock for dealers to handle customer demands; and permitting the manufacturer to carry on production during off season, eliminating public warehouse space with extra shipping charges, rentals, and inconvenience.

For taking notes at business sessions, or for keeping track of appointments or expenses, nothing could be handier than one of those pocket-size memo books provided by the FIDELITY AND DEPOSIT COMPANY OF MARYLAND and the AMERICAN BONDING COMPANY of Baltimore. You can get yours at the A.B.A. Registration and Information Office, Rooms N and A, in the U. S. Chamber of Commerce Building, Connecticut Avenue and H Street, N. W.

News from San Leandro, California, home of FRIDEN CALCULATING MACHINE Co., is that the company has developed some new ideas on the "78ths" method of distribution of accrued discount and for handling the discount in a small loan department. The entire story has been condensed into a single two-page table, available on request. Of particular interest is a treatment of the small loan accrued discount problem with a suggested method of obtaining a schedule of monthly payments with accrued discounts, and a simple way of obtaining a rebate from the accrued discount schedule.

HERRING-HALL-MARVIN SAFE COMPANY of Hamilton, Ohio, takes the wrappers off another new piece of bank equipment—bank counter placed like a desk. Fixture and under-counter work are assembled as one in H-H-M's new combination counter unit, and are installed under one contract. They are placed on finished desk-like units, then anchored together, and may be rearranged at will to meet changing requirements.

The showrooms of INTERNATIONAL BUSINESS MACHINES CORPORATION, New York, show five new pieces of
 (CONTINUED ON PAGE 210)

With **BANKS** and **BANKERS** it is **RAND McNALLY**
for ready reference and daily service



BANKERS DIRECTORY

... the Rand McNally "Blue Book" ...
published continuously since 1872.

BANKERS MONTHLY

... the magazine that bankers read with
interest and profit. Published since 1876.



KEY TO THE NUMERICAL SYSTEM



of the American Bankers Association with Check
Routing Symbols ... published since 1911.

CHRISTMAS CLUBS

... complete services to fit particular needs ... with cost-
saving features that are exclusive with Rand McNally.



*Serving American Banks
and Bankers since 1872*

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SPECIALIZING IN THE WRITING OF
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BURGLARY, ROBBERY, FORGERY
AND GLASS INSURANCE

WE CAN PROVE IT!

CheckMaster
AND
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**ALL-PERSONALIZED
SPECIAL CHECKING PLANS**

are the best value in the field!

- Bank pays nothing in advance.
- Our charge for checkbooks includes all operating supplies and continuous merchandising aids.
- We personalize or you imprint on premises with our equipment.

CHECKMASTER SYSTEMS, 400 Madison Ave., N. Y. C.

(CONTINUED FROM PAGE 208)

bank equipment, each with its time-saving applications. The new IBM Electric Typewriter with decimal tabulation is designed to simplify statistical typing through the addition of nine tabular keys to the keyboard above the normal row.

The new IBM safe deposit vault recorder provides a method of obtaining accurate safe deposit vault records and maintaining a complete record of access for each safe deposit box.

The new IBM Accumulating Reproducer combines in one unit functions of punch-card accounting previously requiring a number of machines.

The IBM Proof Machine consolidates into one operation the four principal bank functions of sorting, listing, proving, and endorsing checks. Checks may be sorted into as many as 32 separate distributions with a detail tape listing being provided for each classification and a control tape on which all items are listed in their original sequence.

The new IBM Typewriter Tape Punch which can produce punched cards for machine accounting functions simultaneously with the typing of a document. The information recorded in the perforated tape is automatically transferred into punched cards through a companion tape-to-card punch.

In the offices of INVESTORS DIVERSIFIED SERVICES, INC., Minneapolis, interest centered on the highlights of the company's 59th annual report. For the past year, gross assets under IDS management passed the billion-dollar mark—\$1,102,138,735. Mortgages serviced at the close of the period numbered 75,886, representing a total value of \$587,207,574.

A discussion of "safety paper" at the GEORGE LA MONTE & SON plant in Nutley, New Jersey, harks back to 1871 when George La Monte invented the tamperproof stock following widespread check raising and forgeries after the Civil War. Many refinements have been developed in the original product. Statistics from a recent survey on check use: 7.9-billion checks drawn by individuals and businesses is the record for 1952, and for the astronomical total of \$2.2-trillion.

LE FEBURE CORPORATION of Des Moines, Iowa, reports a new system of pre-scheduling instalment loans, called LOAN-A-Matic, which makes a significant contribution to efficiency and service. The system works in conjunction with machines now available which change from coupon to ledger scheduling—to payment posting or control posting with the mere turn of a knob. The coupons come in continuous strips, perforated, which are inserted into the machine. Then the information is quickly scheduled simultaneously on the ledger and the coupon, automatically computing and printing the loan balances. Odd cents are included in the first payment only, and all subsequent payments on each loan become even dollar amounts. This simplifies trial balance differences.

Coupons received with payment are posted to the loan ledger the day after receipt. The operator inserts the ledger card into the machine, indexes the old balance from the coupon. If posting is done correctly the machine prints a cipher on the journal signifying proof. Partial payments are posted from temporary receipts, and these are handled as rapidly as regular payments.

The new coupon gives the customer all essential information. The cost of preparing the ledger and coupon book with the machine is very economical.

An interview at METAL PRODUCTS ENGINEERING, INC., of Los Angeles, pays our Educational Displays quite a compliment. At the San Francisco A.B.A. convention, this company introduced its MP Jr Coin Changer—a compact, streamlined, inexpensive unit. This initial showing set the impetus for bank sales which now runs over 5,000 units. The company had planned to have a new MP automatic coin changer machine ready to unveil at the Washington convention. This new unit will be announced soon.

MONROE CALCULATING MACHINE COMPANY, Orange, New Jersey, recently signed a contract to market 10-key adding machines manufactured by Olympia Werke-West GMBH of Wilhelmshaven, Germany.

To be known as the Monroe 611-11-011, the 10-key unit features an open keyboard. This makes it possible to place figures in the machine

The ONLY mark that lasts as long as the paper it's on!



ONLY Cummins PERFORATION MEANS PERMANENTLY PAID

Think of it! Cummins perforators *write with holes* that are part of the paper...that can never be erased or altered...that can only be destroyed by destroying the paper, itself! They're still perfectly new and legible long after check and printing are old and faded. There's nothing more permanent!

But Cummins perforation is even more than that—it's the fastest known method of positive, safe check cancellation. Any clerk—inexperienced and unskilled—can easily cancel 20,000 checks an hour.

Cummins Perforators are 100% efficient—no costly skips or misses. So for the safest...the most permanent...the fastest—the *only*—method of positive check cancellation, get in touch with Cummins. For more information on how to get more and better work done, mail coupon *today!*



IN BUSINESS AND BANKS SINCE 1887
Cummins

Cummins-Chicago Corp.
Chicago 40, Ill., Dept. B-93

Send information on Cummins

Perforators ☐

Endorsers ☐

Name

Bank

Address

City State

Clip and attach to your letterhead today.



For a Brighter Banking Future!



THE CUNNEEN COMPANY
1225 VINE STREET • PHILADELPHIA 7, PENNA.

VERIFICATION CAN BE EASY...

If verification means **EXTRA WORK**
and more **EXPENSE** to you . . .
then you'll like the ease and efficiency of our
VERIFICATION MAILERS



- ← Verification Form slips easily into typewriter
- ← Printed message with space for addressing
- ← Return envelope can't be lost . . . it stays attached until used by customer
- ← Entire unit mailed in window envelope

WE HAVE FOUR OTHER VERIFICATION SYSTEMS TO CHOOSE FROM

Send for complete kit

CURTIS 1000 INC.

PORTLAND OREGON • CHICAGO ILL • SAN FRANCISCO CALIF • CLEVELAND OH • ATLANTA GA • HOUSTON TEX

INTERNATIONAL BANK
726 Jackson Place, Washington, D. C.

A Merchant Bank
interested in the Development and Financing
of International Trade, Commerce and Industry

— • —

New York Affiliate:
INTERNATIONAL OF WASHINGTON, INC.
608 Fifth Avenue, New York 20, New York

before the cycle is completed and represents a considerable saving in time. Its capacity is 11 add 12. Middle priced, the machine offers smooth key-touch, convenient desk size (117.5 sq. in.), portability (19.5 lbs.).

The NATIONAL AUTOMOBILE DEALERS ASSOCIATION Used Car Guide is now being published for six areas—three more than were covered by previous editions. The increase in coverage, from an area standpoint, will bring the figures reported in the book closer to the actual market conditions for the areas. Based on a comprehensive study of thousands of sales reports submitted regularly by the nation's new and used car dealers, the additional publications were designed to help dealers keep abreast of the rapidly fluctuating used car market. Regular 30-day publication schedules will continue and guidebooks under the new regional breakdown will be mailed automatically to subscribers. As a special service to bank subscribers, the publishers have placed a description of automobiles and trucks, according to make and models, for practically every car sold on the market.

At NATIONAL CASH REGISTER of Dayton, Ohio, there's also five-star news on new equipment models and new variations of well-known machines. The five big items start off with the new NATIONAL "Class 31" designed for consumer credit applications, featuring automatic scheduling and automatic computation of refundable interest. This versatile unit is adaptable to mortgage loan accounting. It automatically computes the next month's interest payment, by multiplying the principal balance due by the rate of interest for one month. This is accomplished automatically, without effort on the part of the operator. The machine then shows the principal payment due, interest due, escrow payment and total payment on loan notice (and copies), mortgage ledger, and journal.

National's "135" checking account machine features the new "unit plan," under which statement, ledger, and journal are all prepared simultaneously and all in original print.

The new National "Class 41" tellers machine for medium-sized

banks will handle instalment accounts, mortgage payments, savings deposits and withdrawals, and all other payments and deposits. Up to eight separate totals, plus a built-in adding machine, are available on this equipment.

National's new "Live" Keyboard Adding Machine permits adding without using a motor bar.

For the new Charge Account Plan, National's "125" and "127" proof machine is now easily modified to provide cycle breakdown and separate accumulation of charges, credits, and returns for each cycle. With this machine cycle breakdown, every merchant's "envelope" is proved one by one, sorting of charges, credits, and returns taking place at the same time.

One new product gaining nationwide approval, according to news from Pittsburgh, is the Pittcomatic, manufactured by the PITTSBURGH PLATE GLASS COMPANY. This is the device which opens doors smoothly and silently at a touch of the handle. It requires very little space to install and may be used on street entrances with either single or double action. It is especially effective where heavy winds are a problem. Remote control of locking devices is also possible with Pittcomatic. This is a new item of special interest to banks planning modernization and new construction.

Delegates visiting our Educational Displays will remember the familiar carnation boutonnieres distributed daily at the R. L. POLK & Co. booth.

This summer Polk released a new one-operation information form to report complete bank data for publishing in *The Bank Directory*. A bank's listing in the previous edition is pasted on the face of the form. The form itself carries the same directory categories in sequence to fill in changes or additions, or an instruction to "repeat without change." This system has vastly simplified the process of reporting new information for the Polk directory.

Another item of special note is a new booklet, published by Polk as a promotional piece for banks. The booklet, *Profits From Business Letters* by Dr. James F. Bender, is de-

WHAT IS A GOOD LOOKING CHECK?

The bank check is a functional instrument and, in our opinion, its design should not in the slightest degree detract from its functional value. Thus most bank checks are quite plain from an artistic viewpoint, because if they were too ornate they might hinder the streamlined processing to which they are subjected.

Nevertheless, a bank check can be attractive in appearance if the bank title, customer's name, and body composition are well balanced in relation to each other. The lithography should be sharp and clear, the imprinting of the customer's name should be well located, the numbering should be clean and properly aligned, and the cutting, perforating and binding should reflect precision craftsmanship. The overall effect is something which is good-looking for a bank check, although not neces-

sarily something which would take a prize at an art show.

Occasionally we see a check which is a thing of beauty, but even as we admire it we cannot help but wonder if perhaps functional significance has not been subordinated too much to the artistic. Conversely, we frequently see a check upon which the customer's name is weak and amateurish, leaving us to conclude that in an effort to improve functional value, attractiveness has been lost.

It strikes us that if a check is to be acceptable to the bank that provides it, the customer who uses it, and the people who process it, a well-balanced format is called for rather than a format which emphasizes one part of the check and overpowers another. Here at DeLuxe we strive to maintain this balance.



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Sales and Service
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Bank _____
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City _____ State _____

signed as a correspondence aid for administrative, secretarial, and stenographic personnel. Its promotional value can be used in every phase of customer relations work.

RAND McNALLY & COMPANY, Chicago, gives another report on a recently introduced coupon control system for Christmas Club accounts, called the Clubtroller. Some 200 savings banks have installed this system within the past seven months. It eliminates all need for maintaining ledger cards or ledger sheets. The coupon, which carries all the necessary ledger information, serves as a posting record when filed in the Clubtroller.

The RECORDAK Bantam Microfilmer is the latest addition to this company's complete and versatile line of microfilmers. A compact, all-steel unit, occupying less than four square feet of desk-top space, the Bantam has brought higher speed and greater economy to microfilming operations in hundreds of banks throughout the country.

Four readily interchangeable lens assemblies are available to provide photographic reduction ratios of 19 to 1, 24 to 1, 32 to 1, and 40 to 1. At 40 to 1, up to 29,000 checks or 10,700 letter-sized documents can be photographed on a 100-foot roll of 16-mm microfilm.

Microfilm records can be produced in the Bantam by either the standard method of utilizing the full width of the film for each exposure, or by the duo method of photographing down one-half of the film width and then up the other half. A document reversal unit for photographing front and back of documents is available as an accessory.

The Bantam will accept documents up to 11 inches wide, and of unlimited length. A built-in automatic feeder permits the photographing of over 500 checks per minute.

Recordak now makes available to banks a revolutionary and unique method of document copying known as the Verifax Method. Verifax copies can be made from practically any typed, written, drawn, or printed material up to 8½ x 11 inches. They can be made right in the bank under ordinary illumination. The only equipment required is an entirely self-contained unit approximately the size of a typewriter.



"I've shopped this town 'til I'm blue in the face. Now I'm going up to Baltimore"

This unit, known as the Verifax Printer will make three or more copies of a document in a minute, at a cost of less than 5 cents each. Copies are same-size, black-on-white duplicates of the original, and are immediately ready for use. They are long-lasting, and can be written on, mailed, or filed.

The REMINGTON RAND roster of new machines touches practically every operational function of banking: There's a new High Speed Electronic Sorter operating at a speed of 800 sorts per minute, either numerically or alphabetically. The Automatic Line Finding Posting Machine, using the same size form as a tabulating card, will accommodate up to 26 postings on each side of the card, posting with machine-printed figures at a speed of 45 postings per minute. A new High Speed Electric Collator, the new 409-2R Electronic Computer operating at a speed of 100 to 150 cards per minute, and the 330-2 Calculating Punch are others.

REM RAND is especially proud of its plans to place in operation this fall, at 315 Fourth Avenue, New York City, one of the largest, if not the largest, all-purpose Electronic Computing Centers in the world.

In other fields, REM RAND lists a new 38583 Two-Hour Safe-Ledger Desk, housing signature and ledger cards, compact enough for placement behind tellers' windows. There is also the new Conve-File—an all-

electric file that brings trays to the file clerk over the shortest route to speed service and erase fatigue. One such unit will hold 200,000 cards.

There's only one practical way to study these new and improved units—that's by personal demonstration.

At the STANLEY WORKS, Magic Door Division, New Britain, Connecticut, there's a ripple of pride in the fact that the Leeth National Bank of Cullman, Alabama, received first place for design in a competition sponsored by the Alabama Society for Architects. This building was equipped with a set of Stanley "magic doors." These doors are actuated by a "magic carpet" which, when stepped upon even by a child, closes the contacts that instantly put the door operator in motion. The door remains open as long as there is going traffic across the "carpet." As a safety measure, should anyone approach a door from the wrong side, his weight on the "carpet" prevents the door from opening toward him, thus avoiding possible accident. The automatic features of these doors add economies for holding heated or cooled air within a building.

TENSION ENVELOPE CORPORATION of Kansas City says its newest news in the bank envelope line is a Deposit-by-Mail envelope offering five distinct features: Simplicity, designed for quick, easy handling by customer and bank; workability, fits right in with the normal routine of customer and bank; safety, envelope seals completely assuring protection for checks, money orders, and even currency, when registered; privacy, standard FDIC artlining or a bank's own distinctive design. And there's a full panel on the back of the receipt which can be used as an effective, inexpensive method of advertising other services offered by the bank.

THE TODD COMPANY, Rochester, New York, sums up new technical developments in the Protectograph Disburser, the first small portable machine which will handle all three operations of protecting, dating, and signing at one time. It is ideal for Christmas and Vacation Club checks and has many other bank applications. After checks are inserted, a

(CONTINUED ON PAGE 216)

Millions of depositors

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BECAUSE THEIR BANKS USE BURROUGHS
COMMERCIAL TELLERS MACHINES FOR
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DETROIT 19, MICHIGAN

(CONTINUED FROM PAGE 214)

light touch on the keyboard and trip bar completes the check except for the payee name. By combining all three operations in one, check preparation time is reduced 60 percent or more, according to time studies made by Todd while this new unit was being developed.

There's a new automatic feeder for the Todd Imprinter which increases the efficiency of the machine through added speed and simpler operation. The feeder holds up to 500 checks and is easily adjustable for various sizes and types of checks. The automatic feature of this unit releases the operator for typesetting while imprinting is being done.

TRAILER COACH MANUFACTURERS ASSOCIATION, Chicago, gives us the first-draft facts of a recent survey which indicates the financing of mobile homes is becoming a major segment of consumer instalment credit. The industry production this year will exceed \$300,000,000.

The 326 lending institutions participating in this study reported a volume of \$152,328,379 covering 80,553 contracts. Some 157 banks and lending institutions reported their experience excellent and 136 as satisfactory. Compared to automobile paper, the results showed that 176 institutions considered mobile home contracts equal to automobile paper and 103 answered that it was better.

A complete report of the 1953 survey may be had by writing to the Trailer Coach Manufacturers Association, 20 North Wacker Drive, Chicago 6, Illinois.

UNDERWOOD CORPORATION, New York, centers its news on the Sundstrand bank model Accounting Machine's 10-key keyboard which eliminates tiresome headswing, and makes the operation a swift, modern way to post depositors' checking accounts. The keyboard simplicity permits the operator to concentrate on the posting media during the operation. It takes just five minutes to learn the operation of the keyboard, and that expedites personnel training.

Underwood points to the flexibility of its Sundstrand Adding Tabulator and a case recently reported by the Merchants National Bank & Trust Co., Syracuse, New York. The bank perfected a more efficient

method of posting and proving ledger cards by using a specially designed desk and a battery of these durable, easy-to-operate machines. Because of a modern shuttle-carriage arrangement and a two-register feature, this unit permits recording of coupon numbers, coupon payment amount, and the ledger card old balance in a single operation.

Underwood has also developed a Community Credit Plan built around its Sundstrand Cycle Billing machine, the same unit and system installed in department stores adaptable to charge-a-plate bank-credit plans.

At WASSELL ORGANIZATION, INC., Westport, Connecticut, they say they've eliminated the "pull, push, stretch, stoop, and strut" from all filing operations with their space-saving modular filing systems available in conventional-height cylinders or pedestal desk rotor cross-files, or four-tier units that require no lift mechanisms. These units combine the speed and ease of horizontal motary filing from a seated position with a new versatility that allows the filing of active records as high as standard four-drawer correspondence files. The larger four-tier units hold the equal of 12 standard correspondence drawers, in the same area of floor space. These units can be adapted to house any size card or record, from addressograph plates to legal-sized folders.

To close our tour of "what's new" in bank equipment and services, we stop by WOODBURY AND COMPANY of Worcester, Massachusetts, photography experts who have catered to the banking field for many years. Whether tastes run to designing letterheads with a picture of the bank, a doorway, an insignia or device as a stationery trademark, Woodbury invites the opportunity of submitting samples and quotations.

That's the final note in our itinerant notebook for this Exhibit-in-Print. If this were our usual Educational Display, we could just turn out the lights and latch the door. But the telling of all these "what's new" items planned for our canceled exhibits in Washington, we hope will suggest contacts that will prove helpful in the interest of better bank service.

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